



Internal Audit

**Special Events
February 2016**

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I. INTRODUCTION

Special events play an important role in the City of Tempe. Festivals, events, concerts, and civic celebrations can serve to provide cultural, social, and economic value to the community. Quality, well-planned and executed events add value to communities by increasing tourism, providing opportunity for notable branding, bonding people together, encouraging positive media coverage, enhancing economic impact, and adding quality to the lives of residents. Conversely, the opposite can occur if there are not sufficient internal controls in place to clearly identify and manage risks associated with special events.

This audit provides insight related to the management of special events in the City of Tempe as well as a review of the conditions that led to the incidents that occurred at a special event concert series, Summer Ends, held at Tempe Beach Park September 24th to 27th, 2015. Opportunities are identified where procedural and other changes can serve to identify and reduce risk associated with special events and enhance the overall process.

What are Special Events?

Section 5-2 of Tempe City Code defines special events that require a permit as follows:

Sec. 5-2. Temporary special events or activities; permit.

(a) In addition to any other permits, licenses, taxes or requirements imposed by this code, the following temporary special events or activities shall be required to obtain a permit before carrying on such activity within the city:

(1) Any outdoor public gathering or celebration involving the use of city owned properties that involve but are not limited to any of the following:

- a. Entertainment;*
- b. Dancing;*
- c. Music;*
- d. Dramatic productions;*
- e. Athletic tournaments;*
- f. Amusements, festivals or carnivals;*
- g. Sale of merchandise, food or alcohol, including sidewalk sales;*
- h. Parades, walks, bicycle rides or runs; or*
- i. Any temporary extension of premises of an existing use.*

(2) Any activity taking place on private or city owned property which requires a state issued temporary extension of liquor licensed premises or a special event liquor license;

- (3) *Any activity taking place on private or city owned property, which may require for its successful execution city services to a degree significantly over and above that routinely provided under ordinary circumstances; and*
- (4) *Any activity taking place on city or privately owned property used as a public gathering place that involves a substantial deviation from the current land use designation or legal nonconforming use.*

Special Event Activity in the City of Tempe

The majority of special events held within the City of Tempe are non-contracted events. The City has also entered into a few cost-sharing contractual agreements for the following annual special events: Ironman, Rock ‘n Roll Marathon, and the July 4th celebration. Apart from these contracted events, the Special Events Office processes close to 300 special events each year as follows:

FY	# of Events
2013-2014	292
2014-2015	280
July 1-Sept 30/15	78

The Special Events Office (SEO)

The Special Events Office is part of the Recreation Division within the Community Services Department. The Special Events Office is comprised of a manager, two (2) Senior Recreation Coordinators, one (1) Recreation Coordinator, one (1) Assistant Coordinator and four (4) part-time staff. Approximately a year and a half ago, the full-time administrative staff position’s time dedicated to the SEO was substantially reduced to performing only a few administrative tasks. This position was previously responsible for numerous administrative functions to support the Special Events Office.

The Special Events Task Force Committee (SETFC)

The Special Events Task Force (SETFC) is comprised of staff that represent various departments from across the city that are typically involved with special events. Applicants are required to make a presentation of their event before the SETFC for their approval. The Task Force gives the final approval for events. They meet every two weeks at the Tempe Transportation Center. All special events are taken to the SETFC, regardless of their size. At this time, there are no documented bylaws or policies and procedures in place associated with the SETFC.

Prior Audit Activity

In August, 2010, the Internal Audit Office conducted an audit of the Special Events Office. The objectives of this audit were to:

- Assess the adequacy of existing policies and procedures,
- Assess compliance with existing policies and procedures,
- Ensure that all eligible reimbursements and fees are accurately billed and collected, and identify areas of improvement.

Twenty-six (26) recommendations were made to enhance the effectiveness and efficiency of operations. Internal Audit reviewed the current status of these recommendations and whether actions to address identified risks were fulfilled. We found that 19 or 73% of the recommendations were implemented, 6 or 23% had not been addressed, and one related to central billing for permits was not going to be implemented.

Recommendations to resolve issues that were not addressed included the following:

- *All rates and fees established by Special Events should be reviewed annually to ensure current full cost recovery.*
- *Policies and procedures should be established and effectively communicated to all departments and divisions involved with special events to ensure their services are billed out based on current rates determined by Financial Services. Special Events staff should verify that departments are utilizing current personnel rates determined by Financial Services and/or there is sufficient documentation to support any deviations.*
- *Actual attendance counts should be obtained from event sponsors supported by documentation through formal revenue statements or, if applicable, from event ticketing agencies.*
- *Policies and procedures to authorize fee discounts and waivers and identify specific instances where they can be granted should be developed by Special Events Management. All discounts and waivers over a minimal amount should be authorized by management and adequately supported with related documentation and a description of circumstances.*
- *The Special Events Electrical Services policy should be clarified and a determination made whether or not electrical and water services should be billed to event sponsors. If a determination is made to bill for these services, a system can be developed where flat rates are assessed for high volume users.*
- *The new cancellation and deposit policy should be stated on the application and be acknowledged by the applicant (i.e. signature or initials next to this specific policy).*

The majority of the related observations still presents various risks to the administration of special events within the City and has been addressed throughout this report.

II. AUDIT SCOPE

Audit Initiation

This audit was performed at the request of the City Manager as a result of high-risk incidents that occurred at the Summer Ends Music Festival held at Tempe Beach Park September 24-27th 2015, specifically on Saturday, September 26th, 2015.

Objectives

The objectives of this audit were to:

1. Determine the underlying conditions that led to the Summer Ends Music Festival incidents and assess future preventative measures to mitigate associated risks.
2. Determine whether there is adequate management oversight and established procedures in place to identify and address risks, including potential safety concerns, with sufficient preventative measures prior to the commencement of special events.
3. Ensure appropriate levels of granting authorization for individual special events commensurate with associated risk levels.
4. Determine whether Special Events has a clear mission, vision, and strategic plan with associated goals and performance measures that align with Council Priorities.
5. Review management best practices and compare to the City of Tempe Special Events Office's policies and procedures for potential areas of enhancing processes.

Methodology

The audit process included the following:

- Interviews with public safety representatives, management and staff of the Special Events Office, Recreation Division, Community Services, promoters, SETFC members (including the Police Department and Fire EMS representatives), community members including the DTA and Tempe Tourism;
- Surveys of staff and customers;
- Analysis and evaluation of Tempe Beach Park venue capacity;
- Analysis and evaluation of the events at the Summer Ends Music Festival;
- Observation of a similar-sized concert held at Tempe Beach Park;
- Review and assessment of policies, procedures, and practices for the Special Events Office and the Special Events Task Force Committee;
- Review of administrative policies and procedures related to revenue assessment and collection; and
- Revenue transaction testing.

Roles and Responsibilities

The Internal Audit Office strives to assist managers with the effective discharge of their responsibilities to achieve departmental goals and contribute to the City's mission and to Council priorities. Internal Audit promotes effective controls and furnishes management with an independent appraisal and recommendations related to the activities reviewed. Our role is vital to maintaining the public's trust that the City's resources are used effectively and efficiently.

Management is ultimately responsible for, and must assume ownership of, their internal control system. Internal controls are used by managers to provide reasonable assurance that their objectives will be achieved. Internal control is also the primary mechanism for deterring and detecting fraud.

To summarize, management is responsible for establishing and maintaining adequate internal controls. Internal Audit must use due care in examining and evaluating the effectiveness of internal controls and to understand the related exposures and risks. Due care does not require a detailed audit of all transactions. Therefore, internal auditors cannot give absolute assurance that all noncompliance and fraud will be detected.

Follow-Up

Internal Audit follows up on the status of all recommendations approximately six (6) to twelve (12) months after audit completion to assess the status of implementation efforts.

III. CONCLUSION

Internal Audit identified opportunities for the City to reduce risks associated with special events through the inclusion of effective internal controls, including the enhancement of policies and procedures, throughout the cycle of customers' application requests to hold special events through to final payments for fees and services provided by the City of Tempe. Throughout the report we list additional opportunities to enhance operating effectiveness and efficiency and enhance the experience of special events in the City of Tempe.

Internal Audit truly appreciates the collaborative effort that the City's Police, Fire EMS, Community Services, and Special Events Office management and staff extended throughout the course of the audit process.

IV. DETAILED OBSERVATIONS

Section 1 – Summer Ends Music Festival

Summer Ends was a four-day music festival held at Tempe Beach Park from September 24-27th, 2015. The event featured national and local recording artists. Indie, alternative, emo, punk, hip hop, rap, rock, reggae, island rock, and R & B artists performed over the four days of the festival.

Accompanying the musical acts were various local and national vendors selling retail merchandise, food, and beverages (alcoholic and non-alcoholic). The anticipated maximum capacity for each day, as determined and presented to the SETFC on September 2, 2015 by the promoter (only 22 days prior to the start of the festival) was as follows:

Date	Day	Expected Attendance
September 24/15	Thursday	5,000
September 25/15	Friday	10,000
September 26/15	Saturday	27,000
September 27/15	Sunday	20,000

Daily temperatures over the course of the event were as follows:

Date	Day	Actual High	Actual Low
September 24/15	Thursday	104°	77°
September 25/15	Friday	103°	82°
September 26/15	Saturday	105°	82°
September 27/15	Sunday	104°	81°

The festival was scheduled to take place during the afternoon and evening hours. On Saturday, September 26th, the day of the major incidents, in addition to the highest expected volume of activity at Tempe Beach Park, an ASU vs. USC football game was played at Sun Devil Stadium beginning at 7:30 pm. Traffic congestion was expected to occur post-game and post-event.

On the Saturday, there were ten (10) scheduled acts to perform on two stages – East and West. Gates were scheduled to open at 12:30 pm and close at midnight, with the first act scheduled for 1:00 pm. The event was an all-ages festival with alcohol available for purchase by those 21 and over. Wristbands were issued as proof of age verification.

Both City of Tempe Police and Fire EMS were scheduled to work this event. Due to the ASU/USC game, police experienced difficulty getting a sufficient amount of Tempe Police Department (TPD) supervisors and officers to sign up to work the event. They had to backfill with MSCO deputies to pair with Tempe PD partners.

Although the gates were not scheduled to open until 12:30 pm on Saturday, many ticketholders were lined up early to get into the event. Many began to experience heat-related and substance-related illnesses. Fire had two medical calls by 10:30 am, two hours before the gates opened. The Special Events coordinator in charge of this event arranged for additional water resources to be provided by the promoter inside the event. Over the course of the day, a steady increase in medical calls occurred, many of which were heat related, and the park became more and more congested. Overall, it was estimated by the promoter that there was approximately 28,000 patrons at Tempe Beach Park on Saturday September 26, 2015. Our calculations included in Appendix I of this report, *Guide to Develop Crowd Density Models for Outdoor Special Events*, indicate the total crowd was closer to 30,000.

As the day wore on, cellular phone and data service steadily diminished due to the excessive user demand exceeding cellular tower capacity. This also hampered public safety communications. The data issues also affected hand-held scanners at the entrance resulting in a large delay and back-up in ingress. The line steadily increased stretching from the main gate, north across the Mill Avenue Bridge, to Washington Street. There was no shade and there were multiple reports of heat-related illnesses and people vomiting over the side of the bridge. People also started to climb fences and over the Rio Salado and Mill section of the bridge to enter the event venue. Eventually a slow ingress of people ensued and the crowd issues outside the gate began to alleviate.

At approximately 7:00 pm, a crowd surge and crush happened. Witnesses reported people getting pushed into and crushed into the front stage barrier. The crowd was not aggressive, they were panicked. Based on the crowd compaction, it was very hard to breathe in the crowd especially towards the stage area.

Patrons were screaming and crying, begging to be rescued out of the area. A patron was witnessed as having a seizure. Police, Fire EMS and t-shirt security (*non public safety security*) had few immediate response options to relieve the pressure and rescue patrons. People were being pulled over the front stage barrier to relieve the pressure of the surge and rescue patrons. Despite their efforts, the crowd continued to push forward. The music was shut down by public safety so that first responders could communicate and begin active response. Efforts to relieve the crowd pressure from the back ensued. Possible evacuation strategies were considered. PD and Fire EMS resources were committed for hours at the concert and the ASU game, leaving sparse staffing and resources for a very busy Saturday night on Mill Avenue. Only two mounted patrols were available for the remainder of downtown Tempe. A total of fifty-five (55) Fire Apparatus were on the scene, including twenty (20) ambulances; twenty five (41) of which were from other jurisdictions. Over an eleven-hour period, there were twenty-nine (29) requests for

Fire Apparatus to come into Tempe from other jurisdictions because our own teams were responding to event incidents.

Communications were unreliable and the decentralized locations of key personnel hampered coordination of efforts and communication. Visuals were not optimal. There was no pre-scripted show stop speech when the crisis happened. Then Media inquiries began to flood in. Communications and field officers were also inundated by frantic parents attempting to contact their children, asking questions regarding injuries, and what hospitals they were taken to.

The media was abuzz both locally and nationally on this event. Quotes included: *the crowd apparently began jostling for position during a set change and several people became trapped, pinned against the barricades at the front of the stage. Attendees stated that they were “suffocating”. People were getting pushed, stepped on, and trampled over. Everyone was so eager to get to the front, they just kept pushing.*

Shutting down the event would likely have created an even more serious situation if the crowd turned to rioting due to a shutdown. It took close to an hour to have order restored so that music could begin playing again and things began to stabilize.

Incident Contributing Factors

The following were consistently described by many who were involved in the event or witnessed it as the immediate underlying causes that contributed to the September 26th incidents:

1. Tempe Beach Park Capacity

- Crowd density and flow
- Crowd culture, including age-related dynamics
- Open alcohol availability
- Festival seating (*general admission in which there is a large open area, typically outdoors, and all spectators must stand*)
- Slanting slope of the venue

2. Venue Configuration

- Insufficient entrance and exit points
- No lane access except for a moat at the front of the stage
- Two stages creating a pinch point
- Vendor and alcohol sales booths not optimally situated

3. Environmental Factors

- Temperature that day - start time was midday
- Dehydration and inadequate free water stations

4. Communication and Security

- Fire and Police communication device malfunctions; the drain on cellular and data services hampered public safety communications
- Inadequate overall planning and communication (public safety and competing resources)
- Insufficient video surveillance
- Command post location not optimal

Immediate Measures Taken & Moving Forward

Shortly after this event, Public Safety and Special Events staff representatives responded to the incident with an intensive incident debriefing, and proceeded to identify immediate measures to address similar high risks for impending events and discuss what the future holds. Additional risk prevention measures were implemented at the Monster Mash Concert Series, held Oct 31 and November 1, 2015. This concert was a similar type event, with festival seating. Attendance approximated 25-26,000 on the Saturday, October 31, 2015 event day. The result was a more successful event with no significant incidents. Internal Audit observed the actual set up and configuration of the venue as well as the enhanced security and crowd control features implemented.

We encourage public safety to continue with enhanced measures in correlation with special events that come with heightened risk factors. The following four (4) observations identify action taken by the City to mitigate similar risk factors experienced with Summer Ends (*Immediate Measures Taken*) for future special events in addition to analysis and recommendations provided by Internal Audit going forward.

1. A scientific approach to Tempe Beach Park and other outdoor venue capacity limits will significantly mitigate overcrowding risk.

The capacity of outdoor venues is not effectively calculated considering the nature of some events including: crowd composition, type of entertainment, type of event, alcohol, heat and environmental factors, etc. An overcrowded area can create an unsafe environment of crowd surging, stampeding, fighting, pushing and crushing at the front of stage barriers that can lead to potential significant injury including accidental death. Thus one of the biggest risk factors for outdoor concerts is capacity and potential overcrowding. A few examples of some historical events that resulted in significant injury or death are listed in the table below:

Event	Location	Date	Injuries	Deaths	What Happened?
Austin City Limits Music Festival	Austin, TX	Sept/15	2	0	People were crushed against a gate. Two students were trampled by the crowd. Insufficient security and crowd control was to blame.
Ultra Music Festival	Miami, FL	March/15	1	0	People were crushed against a gate. The gate fell down and people trampled a security guard. Insufficient security and faulty equipment attributed to this incident.
Sugarland Concert	Indiana	Aug/11	50	6	At the Indiana State Fair a stage collapsed caused by a strong thunderstorm entering the area.
Pukkelpop Festival	Belgium	Aug/11	70	5	A stage collapsed due to a strong storm with damaging winds.

The determination of capacity of an area is performed by the Fire Prevention SETFC members. A comprehensive evaluation of proposed and actual crowd density and crowd size for its potential risk is not performed. This was one of the primary drivers that created conditions for the incidents at Summer Ends. Pertinent risk factors such as crowd composition, entertainment, the type of event, alcohol, heat, etc., were not included in capacity calculations. Standards have not been developed specifically for accurate risk evaluation of crowd density, and crowd size in correlation with the size of venues. Without established adequate standards to estimate an allowable crowd size and density, including consideration of all potential risk components, high risk situations may not be identified in future. The following provides an overview of the capacity calculation process in place for outdoor venues at the time of the Summer Ends Music Festival:

- There is a life safety code for hall or facility seating at the floor level. This is the number of square feet divided by 7. This is an indoor application and is used as a baseline. It does not take into consideration the entire nature of the event including: crowd composition, the type of event, alcohol, temperature, etc.
- Based on experience of the past 10-11 years, it was determined that 27,000 people at Tempe Beach Park would be manageable.

- The calculations of the 1/7 were determined for the entire Beach Park Area, not the prime and sub-prime concert areas where the majority of the people migrated. The remainder of the park was not heavily used by patrons.

After researching and analyzing the actual crowd size and density at the Summer Ends event, a review of existing controls for managing the event disclosed that no specific controls are in place to prevent conditions of high crowd density or crowd size based on venue size. The density was determined to be at a very high risk level, even prior to considerations such as: elevation slope downhill toward the stage, alcohol consumption, high heat and the composition and age of the audience in attendance, the type of entertainment and their history, etc. that were secondary contributors to the incident.

Immediate Measures Taken by the City of Tempe

Applications for similar-sized events with similar characteristics at Tempe Beach Park have been denied. Public Safety is reviewing internal processes related to capacity determinations.

Recommendations

*Per research and analysis performed in **Appendix I (Guide to Develop Crowd Density Models for Outdoor Special Events)** of this report, interviews and observation, the following recommendations are summarized:*

- 1.1** SETFC, Fire Prevention and Police should develop standards, policies and procedures that embrace industry standards to mitigate overcrowding and/or unsafe crowd densities during events based on the guidelines provided. Safe crowd size and density standards should incorporate careful consideration of additional risk factors such as type of entertainment, temperature conditions, alcohol availability, audience composition, etc. These added risk factors may require further reduction of audience crowd size to reduce risk.
- 1.2** The City should require promoters to provide accurate estimates of anticipated attendance with sufficient time for the City to plan for resource allocation. A sizable underestimate in attendance affects the City's resource allocations and significantly increases risk associated with crowd safety management. A solid crowd estimate should be required within sufficient time prior to the event date (number of days to commensurate with the level of risk assessed) and a final confirmation required by a firm date prior to the event occurring after which time substantial increases cannot be accepted. This allows City Public Safety personnel to further evaluate crowd safety needs, plan for resource allocation, and provide a safer environment for large events.

- 1.3** The City should consider having a staff member obtain a certification in crowd science or similar credentials that can provide objective and valuable feedback on crowd density, size, and safety management. Such a specialist can provide the appropriate insights into risks that may be associated with an event and how those risks can be best mitigated for each event.
- 1.4** The City should require promoters to assume responsibility for providing accurate estimates of ticket sales in addition to providing acceptable venue schematics. The onus should also be placed on promoters to provide acceptable and dependable methods for controlling and counting the actual number of people admitted to an event, including the capability to prevent or detect fraudulent event tickets. Verifiable data on the number of individuals actually entering and attending an event is essential. Procedures should be in place by the promoter to avoid potential ticketing conflicts at the crowd entry point, including device failures or slowdowns. At minimum manual clickers can be used as a failsafe measure to monitor entry numbers. This information can be shared with safety personnel periodically for monitoring and crowd safety.
- 1.5** The City should ensure that promoters' schematics include plans to monitor actual crowd density and flow during an event to enable City safety personnel to effectively mitigate risk and promptly act when necessary to avoid potential incidents. Within the Tempe Beach Park venue, the *prime entertainment area*'s maximum safe capacity is approximately 10,000 or less depending on risk profile. Procedures that regulate ingress and egress into this area are vital for crowd safety, thus requiring real time crowd density estimates so that if the limit is reached, additional ingress into the area is restricted until egress allows others to safely enter. The *sub-prime entertainment area* must also be monitored because once the prime area fills the sub-prime area may begin to congest. Regulation of the crowd flow within these two areas of Tempe Beach Park is critical during large concerts to avoid high density risk conditions.
- 1.6** Prior to stage time a band representative (first choice) or other appropriately assigned individual should be equipped to assist with announcements if it becomes necessary to stop, suspend, or evacuate a venue. Interventions by some can cause disbelief by audience members or cause them to escalate into unruly behaviors, or even riot conditions, depending on the nature of the event. The performers already have the attention of the audience and are best positioned to facilitate cooperation from the audience in an emergency situation. The promoter should be responsible for briefing performers so they understand the need to assist with announcements if necessary. The City may consider providing a script to the promoter for briefing the performers and requesting their cooperation in an emergency. As described in "The Event Safety Guide: *People will respond better if the information comes from a source that is recognized as having authority or from someone the listeners respect. There is therefore a choice between using*

an authority or an empathy figure. If the latter seems to be the best option, seek the collaboration of the performers and brief them accordingly at the start of the event ❶”

❶ *Health and Safety Executive: The Event Safety Guide 2nd Ed. (1999). Surrey: Crown. p 43(7).*

Management Action Plan

- 1.1** *Special Events, Police and Fire management staff agree with the importance of developing standards, policies and procedures that embrace industry standards to mitigate overcrowding and/or unsafe crowd densities during events. SETFC will develop the appropriate standards, policies and procedures based on the audit appendix by September 2016.*
- 1.2** *Special Events management and staff agree with this recommendation and will work with event promoters to determine anticipated attendance and establish a maximum capacity based on the criteria developed. Promoters are required to indicate the anticipated attendance on the special events application. Staff presently requires the promoter to update keep staff monthly on the number of tickets sold. Portions of this recommendation will be implemented immediately and criteria will be developed by September 2016.*
- 1.3** *Special Events management and staff agree with this recommendation and will have at least one Special Events staff person obtain a certification by December 2016. Police and Fire have more expertise in occupancy load and should provide the final recommendation.*
- 1.4** *Special Events management and staff agree with this recommendation and will communicate to promoters that they need to have a ticket control plan and back-up plan in place to avoid potential ticketing conflicts and to provide actual number of people admitted into a gated event. This recommendation will be implemented immediately.*
- 1.5** *This recommendation has been implemented. SEFTC has made adjustments to layout and plans for large events to regulate crowd flow.*
- 1.6** *The Special events management and staff agree with this recommendation and will ensure appropriately assigned individual(s) are identified in advance of the event. In addition, we will ensure promoters are aware of the policy in the event of an emergency. This will be implemented immediately.*

2. The City's prompt action to address venue configuration associated risks has been effective.

Since the Summer Ends Music Festival, there was one similar festival held at Tempe Beach Park by the same promoter. The City undertook intensive planning and risk assessment for this event that included ensuring organized and effective processes for ingress and egress, crowd access, and placement of vendors and facilities. A new venue configuration with moats, or access lanes running down the center of the crowd, and another crossing over at approximately 1/3 down from the stage moat, with enhanced security to manage points of entry and exit were provided for each sectioned area. Elimination of a second stage, longer breaks between sets to facilitate crowd disbursement, better signage, water stations, more effective situation of vendors, porta toilets and alcohol booths to prevent congestion due to line queueing all served to provide a safer more enjoyable experience for all.

During fact finding and research into the underlying causes for the incidents, numerous comments were made regarding the two buildings that used to be public restrooms and are now closed and used for storage. The general consensus was that these buildings are an obstruction, and should be razed. In addition they cause confusion to patrons in that they still appear to be restrooms.

Recommendation

- 2.1** We commend the Public Safety and Special Events for their prompt action to address and mitigate venue configuration risks associated with special events and encourage this process for all events that are considered high risk and subject to development of risk profiles. In addition, in order to expand capacity and reduce visual obstruction at Tempe Beach Park, consider razing the closed restroom facility. Costs of razing the building should be weighed against the benefits of their removal.

Management Action Plan

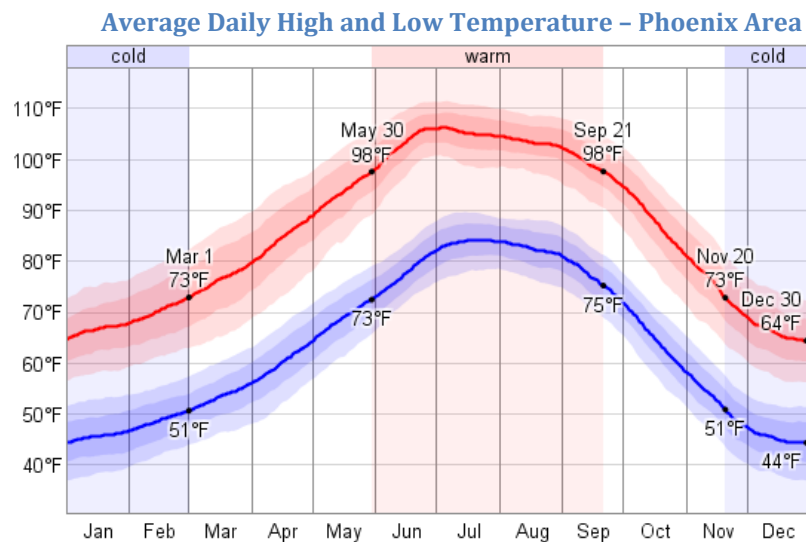
- 2.1** *Special Events management and staff agree with this recommendation. Public Works is working on a Tempe Beach Park Master Plan. This information will be shared with them as part of the planning process.*

3. Consideration of environmental factors is essential to a full analysis of special events risk.

Heat and lack of available drinking water available to the crowd lined up to get in, as well as the proximity of water services within the venue, were considered key causes for some of the heat-related emergency calls Fire responded to at the Summer Ends event. The City took prompt measures to mitigate environmental risk factors by requiring the following at a recent similar event (Monster Mash held October 31 and November 1, 2015):

- Earlier opening of the entrance gates
- Food court access inside the venue for early arrivals
- Four (4) free water reservoirs with one at entrance staffed with volunteers to hand out water to the waiting crowd
- Message boards with constant safety messages
- Audible safety messaging at line queueing
- Large video screens located within the venue

Special Events advised that events at Tempe Beach Park (TBP) are not permitted from late May through the end of August (aside from July 4th) due to the average temperatures during this period. This also gives the Parks Division an opportunity to maintain the park and give it time to get back in shape. Events are held at Kiwanis year-round because they are typically smaller events of shorter duration. They also typically don't significantly negatively impact the condition of the park. Downtown events are also held year round. The following chart provides the Average Daily High and Low Temperatures for the Phoenix area:



The daily average low (blue) and high (red) temperature with percentile bands (inner band from 25th to 75th percentile, outer band from 10th to 90th percentile).

The temperature high the day of the Summer Ends event incidents occurred was 105 degrees.

Recommendation

- 3.1** The practice of not allowing major events at Tempe Beach Park (TBP) during the heat of the summer should be formalized and based upon average daily temperatures. A threshold should be established where the average daily temperature should be used as a guideline as to when the park can reopen for events. This will help to alleviate the environmental risk factors associated with larger gatherings during high temperature days. Based on average temperatures indicated in the above table, it appears reasonable to consider expanding the existing TBP blackout period to include the month of September, and/or restrict events during the hotter months to early mornings and/or evenings.

Management Action Plan

- 3.1** *Special Events management and staff agree the safety of the public is paramount. Gated events will not be permitted that might draw the public during the hottest part of the day during end of May - September. We currently only have the July 4th Festival that take place during the summer. We will include a timeframe in the Handbook where events will not be approved. Utilizing the average daily temperature is not practical, since unseasonably warm or cool weather can occur beyond the identified scope. Additionally, we will define what types of events should not be held in September. Passive events, or events held early in the morning and at dusk, have successfully been allowed i.e. Healing Fields, das Hause, etc. Gated events will not be permitted that might draw the public during the hottest part of the day.*
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4. Effective communication and adequate security are essential to ensure risk is effectively managed throughout an event.

Public Safety communication device malfunctions caused by the drain on cellular and data services hampered public safety communications during the Summer Ends event. The drain was intensified due to the high overall demand from the influx of large crowds at Summer Ends and the ASU football game. In addition, insufficient video surveillance and command post locale impeded reaction times, and untimely communication of event details to the site Commanding

Officer also elevated safety risks. Measures taken by the City for a recent similar-sized festival (Monster Mash held October 31st to November 1st, 2015) greatly enhanced risk mitigation and included:

- Promotor provided additional t-shirt security (an increase of 32% over the Summer Ends numbers) to manage the moats and monitor the crowd sections
- Optimal placement of venue command post to facilitate more effective communications.
- Central command post at the Police Department
- Aerial cameras for more aerial view perspectives
- Additional officers were added to staff the safety, alcohol enforcement, incident management, gate security, and all hazards teams
- Additional Fire EMS personnel were added in addition to medical tents, medic carts, and hazardous materials carts
- Street and bridge closures.
- City incident management team deployed.

These enhanced measures contributed to a safer experience for all attendees. In addition to the above measures, Internal Audit has the following recommendations related to communications and security:

Recommendations

- 4.1** Special Events should consider working with surrounding partners such as ASU, the Downtown Tempe Authority, and other organizations to ascertain dates when football games and other larger events that have a significant impact on the City of Tempe's public safety resources are scheduled. Large events should be carefully considered and potential event blackouts set for these dates to reduce the risk of overburdening safety personnel and resources.
- 4.2** More comprehensive and timely communication with the commanding officer at the event site will facilitate more effective front-line planning and response to risk factors. An OPS plan should be in place and effectively communicated to public safety working the event with plenty of lead time. Bring in event commanding officers early in the planning process. Where there will be active cash-handling locations, assurances must be made that a security guard will be engaged by the promoter as needed and that the Tempe PD will not be responsible for this function.

Management Action Plan

- 4.1** *Special Events management and staff agree with this recommendation. Coordinating special events around the ASU football schedule is problematic as many large scale events are planned several months to a year prior to the release of the ASU football schedule. If both do occur on the same day the special events staff will work with PD to ensure the event is appropriately staffed by public safety personnel.*
- 4.2** *Police management and staff agree and will develop an effective communication plan by September 2016.*
-



The remainder of this report provides additional review and analysis of policies, procedures, and practices associated with the Special Events Office, the SETFC and special events held in the City of Tempe.



Section 2 – Mission, Vision & Organizational Structure

A clear mission and vision are vital to successful operations. A clear mission statement defines why an entity does what it does and why it exists. A clear vision serves to focus, direct, motivate, unify, and move an entity towards superior performance. Vision is what the future looks like.

Organizational structure is particularly important for decision making. Proper structure and reporting lines facilitate more effective management oversight and keeping in touch with issues that may arise in a Division or Office.

Strategic planning benefits an organization through:

- A. The establishment of realistic goals and objectives aligned with the unit's mission and supports organizational priorities within a specific time frame,
- B. Providing assurance that the most effective use is made of the organization's resources by focusing on key priorities, and
- C. Establishing a base from which progress can be measured and a mechanism for informed change when needed.

5. A clear mission, vision, and flexible strategic plan that supports Council priorities will give the Special Events Office clear direction.

The Special Events Office does not have a clear mission, vision, or flexible strategic plan in place to give the Office direction and purpose towards the fulfilment of operational goals that support Council priorities, including public safety and customer service. As a result there are no meaningful performance measures in place. Without a clearly defined purpose and direction, special events may be held that are not in the best interests of the City.

Interviews and surveys of management, staff, and the community disclosed related concerns, perceptions and suggestions about direction that is needed:

- *Council guidance is needed to develop a mission and vision for Special Events.*
- *A philosophy for Special Events should be developed by management; some of the decisions being made are political and should be based on the philosophy for Special Events.*

- *The decision as to what type of events the City wants, and the return that the City wants needs to be made by management.*
 - *56% of staff surveyed stated they do not get sufficient direction from upper management. They don't know what the city's priorities are, and there is no big picture of what type of events should be hosted, or how special events fit into the larger scope of the community. Staff felt that a vision is needed for the office.*
-

Recommendation

- 5.1** A clear mission, vision, and flexible strategic plan that supports Council priorities, including ensuring a safe and secure community, enhancing the quality of life for all Tempe residents and employees, and providing excellent customer service should be established. These can be the foundation for performance measures to gauge success.

Management Action Plan

- 5.1** *Special Events management and staff agree with this recommendation. Special Events staff is currently in the process of developing a strategic plan, led by the Community Services Department. Exploration of the Special Events of a clear mission and vision is a key component of the process will be completed by September 2016.*
-

6. The Special Events Office reporting structure should be reviewed to optimize decision-making and oversight.

Organizational structure is particularly important for decision making and proper oversight. Currently, the Special Events Office reports to the Recreation Division within the Community Services Department. There is minimal oversight of the Special Events Office. They are physically removed from the Recreation Division as well as from Community Services as a whole.

Research was performed to determine what organizational structures or models are in practice to assess the appropriateness of Tempe's existing reporting structure and compare to other cities. The following provides a few examples, including responses from benchmarked cities:

- Seattle Washington reports that it is important they play a strong role in encouraging and helping events that bring the community together to take place safely on its streets and in its parks. In order to enhance the role of special events in their culture and economy, their Special Events Office was integrated into the Office of Economic Development. The intention behind this change was to bring communities and organizations together through a citywide economic development strategy that provides leadership for the city's cultural and entertainment organizations.
 - In Washington, DC, the Special Event Task Force Group reports to the Mayor and is responsible for the city's public safety planning efforts for events requiring interagency coordination.
 - In our benchmarked cities (Appendix III), the majority of the Special Events Offices report within Parks and Recreation. Some either work closely with, or are included in, the Economic Development function of the city. A few others are housed in Management Services and Transportation.
-

Recommendation

- 6.1** Given the relative significance and impact of special events in the City of Tempe, it may be beneficial to alter the reporting structure of the Special Events Office. The Office should be strategically aligned within the organization to ensure the most positive beneficial impact. There are many considerations and configurations possible. Alternatively, at minimum, management should ensure that there is more oversight over this area to address deficiencies and needs of the Office.

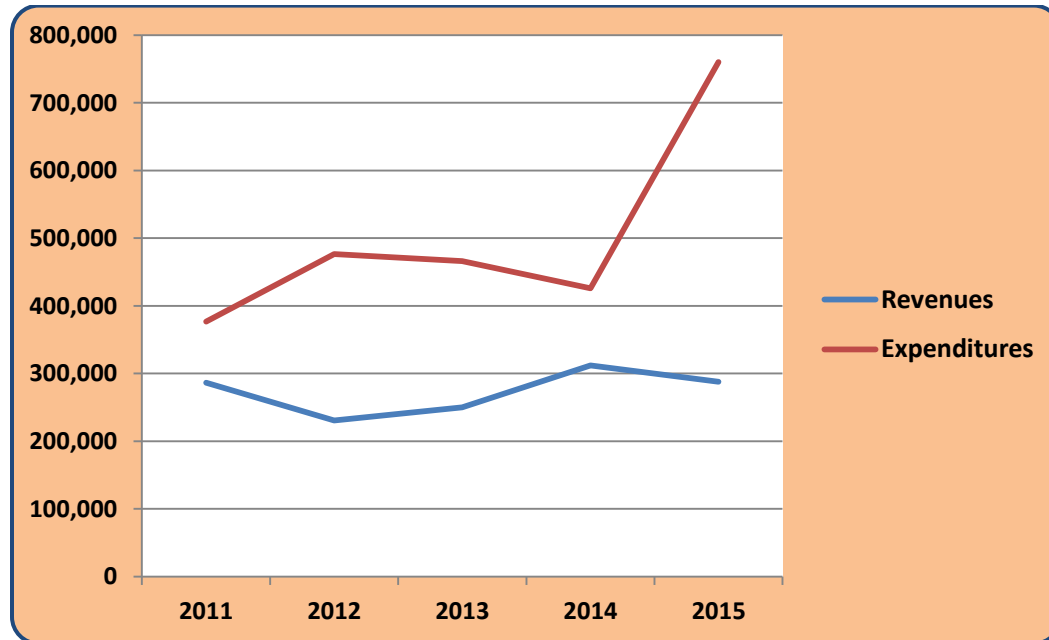
Management Action Plan

- 6.1** *Special Events now reports to the Community Services Director. This recommendation has been implemented.*
-

Section 3 – Operations & Risk Management

Operating Revenues and Expenses

The following graph and table demonstrate revenues and expenditures for the Special Events Office, specifically Cost Center #2522. Expenditures and reimbursement of expenditures for other Special Event related departments (Police, Fire, Public Works, etc.) are processed through their own special events accounts. Sources of revenues for special events include permits, application fees, and miscellaneous fees.



	FY2011	FY2012	FY2013	FY2014	FY2015
Salaries & Wages	136,181	157,042	161,788	161,090	341,291
Fringe Benefits	46,875	59,561	62,946	59,296	117,168
Total Salaries & Wages	183,056	216,603	224,734	220,386	458,459
Materials & Supplies	1,433	10,311	376	5,910	(5,228)
Fees & Services	132,930	159,642	99,018	29,958	28,633
Sponsorship	9,935	-	50,000	100,000	145,000
Internal Service	49,370	89,971	91,805	69,497	133,475
Total Expenditures	376,724	476,526	465,934	425,750	760,240
Total Revenues	286,296	230,755	249,853	311,800	287,973

The large increase in salaries between FY2014 and FY2015 relates to salaries that were not previously paid out of the Special Events Office budget. Allocations for City sponsorships charged in past years to other cost centers are now captured in Special Events' cost center.

Management of Risk

Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risk management is fundamental to successful event management and should be carried out in a planned and scientific manner.

Not all risk can be mitigated. The higher the level of risk factors that accompany a potential event, the more resources will be needed to mitigate that risk. These resources come in the form of extra manpower and equipment to safeguard and manage the flow of people and traffic that are affected at and around the venue. These resources are limited and at times have to be back-filled with other jurisdictions' resources to ensure adequate resources are available for the rest of the city. There is a point when risk can outweigh any benefits of a particular event.

7. A consistent framework for collecting and analyzing information related to risk vs. return for events (individually and collectively) will enhance management decision making.

A. Overall Event Strategy

Currently, the Special Events Office does not employ any measures to identify and evaluate total costs the City invests into special events or total benefits. There is no assessment performed of risk vs. return.

The Special Events Office stated that their goal was to cover all city costs for events, with the exclusion of SE Office staff. A review of the above table indicates this is not achieved every year. In addition, there has been inconsistent allocation of staffing salaries over the past years. Both the SE Manager and another full-time salaried employee were paid out of this cost center during 2015, but not prior. Expenditures increased significantly between fiscal years 2013-2014 and 2014-2015 primarily in salaries and benefits as well as sponsorships. There are numerous costs the City faces in the management of Special Events. There are also numerous benefits. Some of these costs and benefits are tangible; others are not so easy to measure. In the balance of risk vs. returns, some attempt should be made to quantify identifiable risks and benefits to ascertain the viability, overall safety, and net benefits to the city as a measure of performance. The SE Office currently does not perform a high level overall assessment of special events.

Examples of Costs

- Special Events Office overall budgetary costs.
- Special Events Task Force Committee administrative costs.
- Public Safety and other costs not recovered by charge-out reimbursement rates.
(There are collateral costs resulting from effects related to many of the larger special events that are not recovered.)
- Public opinion.
- Reputation.

Examples of Benefits

- Revenues from special events.
- Cultural benefits.
- Community bonding.
- Public Opinion.
- Reputation.
- Economic Development.

The majority of special events that the SE Office oversees are for non-contracted events. There is no process in place to ascertain the collective impact of costs vs. benefits for non-contracted events and to ensure they are in harmony with Council initiatives. The true impact of special events will be elusive without incorporating effective measurement tools. In order to ascertain costs and benefits, and/or risks and returns, there must be reliable measurement tools or estimation models in place. The City needs to develop improved methods of tracking and reporting revenues and expenses, risks and returns related to Special Events. A consistent framework for collecting and analyzing such data is needed. Developing collaborative community partnerships can help with this process.

The Tempe Visitor's Bureau (TVB) had a conversion study done a while ago, resulting in development of formulas to ascertain the economic impact of various activities within Tempe. One formula measured website activity, one was visitor guide requests, and another was a Sports Formula. A variation of this Sports Formula could potentially be used to get an estimate of the economic impact for some larger special events by an estimation of total dollars spent in Tempe. A generalized tax rate could be applied to these dollars to ascertain how the City would benefit in the form of tax dollars. The following illustrates:

Sports Formula

of Participants X Travel Partners/spectators (2.3) X \$117 (per day) X 3.9 days

Modified Festival Formula

of Participants each day X \$117 (per day) X # of days of the event

Recommendations

- 7.1** All costs attributed to the Special Events Office should be captured in their associated cost center to obtain clear information as to what the true costs are to operate the Office. Management should also decide what the financial objectives are for special events: full-cost recovery, partial cost recovery, or revenue generating.
- 7.2** Special Events should develop improved methods of tracking and reporting revenues and expenses, risks and returns related to special events. A consistent framework for collecting and analyzing such data is needed. This information can be useful for decision-making purposes and deciding the criteria from which Special Events are approved for the city. Developing collaborative community partnerships can help with this process. The W.P. Carey School of Management at ASU could be approached; the DTA, Tempe Visitor Bureau, and the Chamber of Commerce may also be able to provide valuable input on how to measure the economic and other tangible and intangible impacts of larger special events.
- 7.3** The sports formula provided by the TVB can be adapted by Special Events to measure the economic impact of certain larger events. In addition, surveys of participants, and inclusion of questions in the City of Tempe's annual citizen survey could provide invaluable feedback on the value of special events in the city as well as a perspectives of citizens' preferences.

Management Action Plan

- 7.1** *Special Events management and staff agree with this recommendation. All costs related to Special Events are currently captured in the Special Events cost center 2522. Special Events will work with the Budget office to determine a method to assess the risk vs. return. Based on that assessment Special Events will examine fees and work with the budget office to determine an appropriate percentage of cost recovery.*
- 7.2** *Special Events management and staff agree with this recommendation. Staff will work with Economic Development, W.P. Carey School of Management at ASU and the Tempe Tourism office to determine a method or tool to evaluate economic impact for larger special events by July 2017.*
- 7.3** *See 7.2.*

B. Individual Events Strategy

Risk management is a very important part of event management; therefore it should be carried out in a planned and professional manner. Development of a risk profile is important taking into consideration of various risk factors for larger higher risk events. Prior to developing a risk profile, a process is needed to establish a risk category rating for individual event applications as they come into the SE Office. There is no existing process in place to do so.

SETFC Presentations

All events, regardless of the size are scheduled for SETFC meetings where promoters or event applicants are required to make a presentation before the Committee. There are numerous COT staff members as well as public members that attend these SETFC meetings. Valuable resources are expended for each of these meetings; therefore, they should add value to the Special Events process to be effective and efficient. Not all events meet a level of risk that necessitates the resources of the SETFC presentation and review. In addition, there is nothing in the City Code under *Amusements, Sec. 5-2. Temporary special events or activities; permit* that requires all events to be reviewed and approved by the SETFC.

Recommendation

7.4 Consideration should be given to categorizing special events into three risk categories (Low, Moderate, and High) based upon pre-established criteria tied to risk factors. First, identification of plausible risk factors for a range of special events based on industry knowledge, standards, and City of Tempe experience and history is needed. Some examples of risk factors include:

- Number of expected attendees
- Age/Demographic of anticipated attendees
- Type of entertainment
- Alcohol availability
- Weather conditions
- History of event promoter from past events
- Public safety and/or security needs

Risk factors can then be associated with High, Moderate, and Low categories and applications measured against these criteria.

For low risk items, a fast-track approval process that is adequately authorized by management should be considered to relieve SETFC resources for more risky events, and provide better customer service.

For the highest risk events, a process for preliminary approval/disapproval from upper management should be required.

Management Action Plan

- 7.4** *Special Events management and staff agree with this recommendation. The SETFC will work to determine criteria including areas suggested to categorize special events into areas of risk. This will include guidelines promoters will be required to follow based on risk assessment and will be developed as part of the internal handbook by September 2016.*
-

8. Enhanced processes and formalized criteria for event approvals can serve to manage risk appropriately.

A. First Right of Refusal

The Special Events Office accepts applications year round. Event promoters have thirty (30) days following their event to submit an application for a repeat of their event for the following year on the same date. Special events staff pursue promoters to submit their applications for the recurring events. They practice ‘first right of refusal’. The event promoter has the same date each year until they choose to cancel and/or move dates or location. Other events aren’t considered for that date. This is not a stated policy that is formally communicated to promoters; it is historical practice. There is a huge demand for events during March/April and October/November. Special Events reports they turn away at least one promoter per week during these time periods, some weeks multiple promoters.

There are pros and cons to the first right of refusal process. It creates a certain level of familiarity with the event and location, but on the other hand changing the process might create opportunities for new events. Promoters have grown to have an expectation of their right to hold the same date each year regardless of the nature of their event. This practice has created unwarranted expectation and an environment where the Special Events Office feels that they cannot say no to specific events that they feel are not in the best interest of the City. It also has the effect of eliminating competition for promoters.

Recommendations

- 8.1** Active pursuit of promoters to submit their applications should be discontinued. It is the responsibility of promoters to submit their requests on a timely basis. Consideration should be given to not providing guarantees for recurring annual dates. Depending upon the demand for times/locations consideration should be given to matching those events that more closely match the City's vision and overall purpose for Special Events.
- 8.2** Consideration should be given to opening the calendar to the public annually to encourage those wanting specific dates to submit them early to have an opportunity to get their selected dates. Depending upon the demand for same dates, decisions for competing requests can be made based upon predetermined criteria.

Management Action Plan

- 8.1** *Special Events management and staff agree with this recommendation and will establish a policy in the handbook that the application must be received in the appropriate timeframe or the date will be released. This will be part of the handbook revisions which will coincide with the fee structure changes. This recommendation will be implemented by July 2017.*
- 8.2** *As part of the future Council-driven vision, staff will discuss the reserve date policy with Council to determine if dates for specific events should reoccur.*
-

B. Cannot Say No

There is a strong perception by some that the City cannot or does not say no to anyone that wants to put on an event. While the perception by some is that the SE Office and the SETFC never say no to any event, some SETFC members and SE Office staff have expressed perceived pressure by peers, management, citizens and others to not say no. There is also confusion regarding whether or not they have the authority to say no. Some events have been allowed to return despite less than desirable results in past years. The following statements obtained through interviews and surveys exemplify this perception:

<i>We are often directed to not say no. There is no big picture of what type of events we should host or how special events fit into the larger scope of the community.</i>	<i>SE staff and the SETF cannot say no to an event. They don't have the support or the authority to say no. There are no parameters to decline events (except if there is a poor history) and even then, they still go on. They need to have strong leadership supporting them when they make the decision to say no regarding an event.</i>	<i>It seems that whenever we think an event is not a good fit for the city, someone goes over our heads and we are told to do the event anyways.</i>	<i>There is peer pressure from the group or even above to put on an event even though some of the events they don't feel should go forward. It seems that even if nobody wants an event to go forward, it still does.</i>
<i>Need support when saying no is appropriate.</i>	<i>SETF Committee approves events at times based on perceived pressure to do so.</i>	<i>I feel we need to be able to say no to events and not have the backlash that always seems to follow.</i>	

The Special Events Task Force Committee has the final approval authority for all special events. Collectively they make the decision at the SETFC meeting whether or not to approve or deny an event. This is really a 'rubber stamp' process, as historically there have been few events that were denied. Final approval by the SETFC, especially for the riskier events, may not be sufficient based on the dynamics of the group and the timing of the meetings. Many perceive that they do not have the authority to reject an event proposal as the SETFC date is too close to the event date to make any significant changes, or they feel peer pressure to say yes. More effective timing of SETFC meetings is needed as well as a timeline based on the complexity and risk of an event.

Effective management oversight and authorization of events that meet or exceed predetermined risk threshold criteria should require review and approval by upper management based upon an assessment by the Special Events Office and/or the SETFC serving in an advisory capacity. A process to escalate high risk events to a higher management level is needed.

Recommendations

- 8.3** Once proposed events are categorized into Low, Moderate, or High risk, consideration should be given to establishing parameters and criteria to ascertain whether or not a particular event is in the best interests of the City and will receive a preliminary approval to move forward. Inclusion in City Code of guidelines and criteria that must be met before an event will be considered for the City of Tempe could include specifics similar to that incorporated into the City of Glendale's Code such as:

The city shall issue a permit when, from a consideration of the application and from such other information as may otherwise be obtained, upon a finding that:

- 1. The conduct of the event is not reasonably likely to cause injury to persons or property or create a hazard to the health, safety and welfare of the public;*
- 2. The conduct of the event will not substantially interrupt the safe and orderly movement of other traffic contiguous to its location or route;*
- 3. The conduct of the event will not require the diversion of an amount of public safety personnel and resources that would impede normal and routine operations for public safety;*
- 4. The concentration of persons, animals or vehicles at the event will not unduly interfere with public safety in the areas or the event or contiguous to the location or route of the event; or*
- 5. The conduct of such event will not interfere with the movement of public safety personnel responding to calls for service.*

- 8.4** Timing of the final SETF Interviews/meetings with applicants should be held much earlier than the average of 29.5 days to give sufficient space and time to resolve issues in a timely manner, especially for moderate and high risk events.

Management Action Plan

- 8.3** *Special Events management and staff agree with this recommendation. This will be part of the visions process taken to Council for consideration by July 2017.*

- 8.4** *A great deal of the time, factors change as the event gets closer. Staff hesitates to move the Task Force date out further as we may approve an event that makes a small, but impactful change following the meeting. Additionally, there are some things that may be unknown until closer to the event: Liquor license charity, sponsors, entertainment, etc. Pre-meetings will be established for the high risk events and additional follow-up meetings will occur prior to the event.*

9. Enhanced roles, responsibilities, and processes of the Special Events Office and Special Events Task Force Committee can expedite risk mitigation.

A. Risk Management Representation

For over two (2) years, Risk Management (Risk) has not been attending SETFC meetings. This is despite reference in a publicly issued guide for Special Events Applications (the Handbook) that Risk Management is a SETFC member. Risk considers their role with regard to special events as essentially a review of certificated of insurance (COI). They stopped attending meetings in 2013, when budget cuts decreased their staffing levels. Since then, the Special Events Office will contact Risk if they have questions; Risk only reviews COI if asked. With Risk's absence, an essential component of the SETFC team is not in place, thus increasing the potential to perhaps overlook some risks that may be associated with events.

In addition, at times Risk receives requests to review insurance coverage within a very short window of time prior to the event date. In accordance with the Handbook, (under liquor licenses) it states that a COI must be submitted to Special Events at least 30 days prior to an event. This is typically not happening.

Members of Risk Management commented that they felt they are not safety experts and therefore not qualified to look at an event set up. Risk from an overall global perspective is not considered. In addition, from time to time Risk indicated they get push back when they recommend additional coverage; they have even been asked to waive promoter coverage. Inadequate insurance coverage by event promoters increases the risk to the City should promoter insurance limits be met due to incidents that occur at an event.

City Management describes Risk's roles at the City as follows:

1. Administer the Worker's Compensation program.
2. Process and resolve liability claims.
3. Manage the City's property and liability insurance coverage.
4. Provide safety training to departments and work to assess and mitigate risk involved in operations.
5. Inspect and maintain safety equipment.

Risk indicated that they have provided training opportunities across the city to assist staff in determining insurance needs and COI requirements. Staff of the SE Office were surveyed on this training. The results indicated that only 1 out of 6 or 17% of staff actually received this training by Risk Management; 5 out of 6 or 83% did not receive that actual training. All

those responding did not feel that this training was adequate to make decisions on insurance for events.

The existing insurance level requirements are based upon 2003/2004 insurance broker recommendations. They haven't reviewed them since. Risk is not sure how they would compare to other cities. Our review of insurance requirements for other cities illustrates, at least on the surface, that they are relatively comparable.

Recommendations

- 9.1** Risk Management should be intricately involved on the SETFC to assess and mitigate risk involved in special event applications from an overall risk perspective. They can provide valuable input to the decision-making process in addition to level of insurance coverage. In addition, it would be useful for Risk to review the setup of the larger events prior to the actual events to see if there are any other apparent potential risk issues.
- 9.2** Optimal timing of the receipt of COI from promoters should be established to give sufficient time for Risk to review coverage requirements. This time period should be as determined reasonable and accurately reflected in both the City Code and the Handbook, as well as adhered to.
- 9.3** Insurance requirements should be directly correlated to associated risk. The higher the overall risk, the higher the coverage requirements should be. Requirements set by Risk Management should be adhered to. Any reductions from the recommended coverage should be discussed by the SETFC and be subject to management review prior to acceptance.

Management Action Plan

- 9.1** *The Risk Manager or his designee will attend the SETFC meetings to assess event risks and address insurance coverage requirements. Risk Management will work with the Special Events Office and Special Events Task Force Committee to determine which events will require set up review prior to the actual events.*
- 9.2** *Risk Management agrees that promoters must submit their Certificates of Insurance (COI) in a timeframe that provides sufficient time for the COI to be reviewed, inadequacies addressed and a correct COI received. Risk Management will work with the Special Events Office to determine an appropriate time line for receipt of COI's from the applicant and their vendors. Risk Management does not have to review all the COI's. Various work*

groups within the City review COI's for their business purposes and make determinations about the adequacy of the COI. Risk Management will provide COI training for Special Event Staff to ensure they receive the information that will equip them with the knowledge to review COI's and Risk Management will be available to answer COI questions when needed. Specifying the required insurance coverage and insurance limits will not be the role of the Special Events Office, but will be the responsibility of Risk Management (see 9.3 Response).

- 9.3** *Insurance coverages and limits are dictated by the type of event and associated risk. The required limits specified on page 17 of the Special Events handbook increase by location of event, size of the event, presence of alcohol and the addition of riskier attractions. As specified in the Internal Audit report, the insurance limits are relatively consistent with other cities. Risk Management has lowered the required limits for low risk events (such as small non-profit events without alcohol), but we will generally remain firm in the limits required for General Events. When unique, odd or inherently hazardous activities (open flames, projectiles, etc.) are included in the event, Risk Management will work with the SETFC and applicant to address the risk and then Risk Management will determine the appropriate insurance limit. As the event's risks and hazards increase, Risk Management will generally want the limits to cover the City's self-insured retention limit of \$2,000,000 and require higher limits for larger or riskier events. In order to be consistent with insurance requirements and provide additional information for Special Events Office staff to answer applicant questions about insurance, Risk Management will work with the Special Events Office to create an expanded list of activities and their associated insurance limit requirements. Risk Management will review insurance limit requirements with our insurance broker during our annual insurance renewals.*
-

B. Temporary Structures

Inspections and permits for temporary structures are not issued in accordance with Tempe City Code. There is no representation on the SETFC to ensure the safety of temporary structures erected at special events. This also creates a situation of noncompliance with Tempe City Code:

Tempe Adopted International Building Code – IBC-8-23

Section 3103.1.1 Permit Required

Temporary structures that cover an area greater than 400 square feet (18.58m²) including connecting areas or spaces with a common means of egress or entrance which are used or intended to be used for the gathering together of 50 or more persons, shall not be erected, operated or maintained for any purpose without obtaining a permit from the building official.

There is a risk that temporary structures may not be safe and could collapse and cause bodily harm to performers and attendees at special events. SETFC members have never included a component of Building Safety from the Community Development Department.

Recommendation

- 9.4** The SETFC should include representation from the Development Services Division to ensure that events with temporary structures that cover an area greater than 400 square feet are adequately inspected and permitted. These structures should be inspected during the set up process for the event to ensure safety. Factors that can affect structures, such as wind and other weather conditions should be considered in the overall inspection of the integrity of structures.

Management Action Plan

- 9.4** *Special Events will work with Fire and Community Development to establish responsibility for inspections of temporary structures by September 2016.*
-

C. Special Events Application Processing and Risk Assessment

Applications

The Handbook instructs that applications must be legible, and that incomplete applications will not be accepted. It appears that it is not uncommon to accept applications that in fact are not complete; many sections of the application forms are coded by the applicant as TBD (to be determined). Turning in an application that is not complete circumvents stated Handbook policies and procedures. Incomplete applications do not provide a clear picture of what the entire event will entail. If it takes any significant amount of time to receive outstanding application information, departments and divisions may not have adequate time to determine and allocate resources for the event.

Overall Risk

There is not a global perspective with regard to assessing overall risk associated with special event applications. It appears that risk is assessed from each individual area's perspective of how it affects them and their resources, and not how all the various risks are assessed collectively. This is exacerbated due to the absence of Risk Management and a general

overview perspective. An overview of all potential risks, including potential negative publicity is not performed.

Handbook vs. Tempe City Code

The Handbook requires applications to be submitted at least 30 days prior to event dates. Tempe City Code requires applications for SE Liquor Licenses to be submitted not less than 60 days prior to the event. These two dates are not compatible. Many Special Events request liquor licenses or extension of premises. Thirty (30) days may not be sufficient time for all related departments and divisions across the City to assess applications and specific requirements. Thirty (30) days may be appropriate for smaller events, but not for larger commercial applicants.

Timing of Meetings

In addition, there are no formal preliminary meetings to discuss specific details of high-risk applications early in the process by the SETFC. There are side meetings held with various departments to discuss details once applications are distributed to SETFC members. The SETFC meeting to formally approve an event is held on average, 29.5 days prior to the actual date of the event (some were presented as few as 2 days prior to the event). As previously mentioned, it is pretty much a ‘rubber stamp’ at the promoter’s presentation. Many contingencies are open even after an event has been approved. The timing of the SETFC meetings does not always allow sufficient time to adequately assess risk and ensure transparency of transactions. When the SETFC date is set too late, issues can arise. There have been reported instances where ticket sales to commercial events are pre-sold (at times even sold out) prior to official event approval by the SETFC. They are put into a position where saying no to an event so late in the process could create significant financial losses to a promoter should an event be denied.

Recommendations

- 9.5** Only complete applications should be accepted by the SE Office, and accordingly, dates should not be held until all application essential information is received.
- 9.6** Lead times required for application submission should correlate with the category of risk of particular events. A general overview could be provided to the public so they can self-assess what category they belong in according to nature of their proposed events (High, Moderate, or Low). Those smaller events that do not need as much consideration by other departments and overall present nominal risk (Low) can likely be managed within a shorter time frame of 30 days. Events that meet predetermined risk factors that escalate the risk levels should receive the most attention.

- 9.7** Applications for events that categorized as High risk should be assessed through initial discussion and deliberations amongst the Special Events Office and/or the SETFC members upon receiving the applications. The synergy of a group discussion can serve to clearly identify potential risks. Applications coded as High risk should also be authorized to move forward or deny by upper management levels, as previously recommended.
- 9.8** Applications for proposed events with increasing risk factors (Moderate and High Risk) should be required to be submitted within a minimum of at least 60 days, or more. City Code should be amended to reflect any changes.
- 9.9** Applicants should be advised not to presell tickets until their event has been preliminarily approved.

Management Action Plan

- 9.5** *Special Events management and staff agree with this recommendation and will modify the application as part of the handbook revisions. This recommendation will be implemented by July 2017.*
- 9.6** *Special Events management and staff agree with this recommendation and as part of the handbook revisions will develop appropriate leads times based on the category of the event. This recommendation will be July 2017.*
- 9.7** *Special Events management and staff agree with this recommendation. A sub-committee of the SETFC will meet to discuss identified high risk events. Events that pose greater the expected risk level will be presented to upper management for final approval or denial.*
- 9.8** *Special Events management and staff agree with this recommendation and will make revisions to the handbook to require events with increasing risk factors to submit applications at least 60 days, or more prior to the event. This will be implemented as part of the handbook revisions that will be presented to Council by July 2017.*
- 9.9** *Special Events management and staff agree with this recommendation and will advise promoters not to presell tickets until their event is preliminarily approved. This will be implemented immediately.*

D. Security Needs Assessment

The Handbook states that it is the responsibility of an event producer to provide adequate security for an event. The type and location of the event, presence of alcoholic beverages, crowd size and other factors will determine the amount of security needed. After reviewing the event application, the City of Tempe SETFC may require an event producer to provide private security, hire off-duty police officers, or reimburse the COT for expenses it incurs by providing on-duty police officers for security, traffic control and/or crowd control. The City will not provide on-duty personnel for the following at events:

- Gate security
- Beer/alcohol sales security
- Security for VIPs and celebrities
- Security for money handling
- Stage security
- Overnight security or security outside event hours
- Private parking lot security
- Security for event equipment trailers supplies, etc.

When promoters engage private security for their events, the City requires only Arizona licensed and bonded providers. A security needs assessment is not a formalized process for special events that are accompanied with additional risk factors. Standards have not been established. Most cities don't have a fixed standard for security; it is usually determined by the police department based on the type of event, location, and other criteria. For a few cities that do have a standard rate, it can range from 1/50 to 1/300 (with alcohol) and 1/100 to 1/600 (with no alcohol). There are significant variances.

T-shirt security is primarily responsible for the event security. Their responsibility can vary drastically; some may be armed and positioned at a key location, such as in the cashing area. Tempe PD has little oversight over the security team at events. It is actually risky to put police inside barricades at a concert – only t-shirt security should be involved. Police presence can escalate issues and present additional risks with an officer inside a barricade that has a weapon. The responsibility to provide adequate security lies with the promoter. As more security requires more resources and less bottom line revenues to the promoter, they may be inclined to hire only minimal staffing. Side meetings are held between public safety, promoters and security providers to discuss issues and requirements; the number of meetings depends upon the event.

Risk is elevated when alcohol is served at events. Adequate security is essential to mitigate these associated risks, especially when there is free flow, or no gated enclosures for serving and consuming alcohol. A Liquor Board representative advised that one of their main concerns with events is what they term as 'hand-offs' from wrist banded participants, purchasing alcohol for underage attendees. Underage drinking and overserving are the main concerns related to these types of events. Another major concern is that there is typically not

enough security at these types of events to actively enforce the liquor laws. The representative did advise that having an enclosure or ‘beer garden’ area for alcohol service was far less risky for what they are mostly concerned about (hand-offs to underage patrons), but this increases the need for additional security to monitor and manage more points of ingress and egress.

Recommendation

9.10 For events categorized as moderate and/or high risk, the City should require the promoter to submit formal security plans for review and acceptance by the Tempe Police Department and the SETFC. The City should also consider the feasibility of developing standards for minimum security requirements based on risk factors.

Management Action Plan

9.10 *The Police Department agrees with this recommendation. Police will implement this for high-risk events. This will be implemented immediately.*

E. Special Events Office Event Oversight

1. Liquor Licenses

There is no assurance that a liquor license has been granted by the state unless either a copy is obtained from the state or the original license is verified on site. ARS 4-244.05 identifies possible sanctions for the unlicensed sale of liquor as:

- Civil penalty of \$200-\$5000 for each offense
- Any money used or obtained in violation may be seized
- Any amount of alcohol may be seized
- Anything used to facilitate the violation may be seized

Special Events is not tracking to ensure the state-approved the applicant’s liquor license prior to the event being held, nor do they obtain a copy once approved by the state. Promoters are required to post it at their event. Special Events does not formally verify that the liquor license was posted on site; they stated that typically the State Liquor Board will stop by to ensure this. When they had administrative staffing, they used to verify state approvals online. This procedure was discontinued.

2. SETFC Approval Contingencies

A review of SETF minutes over the period under review identified numerous events that had been approved, but were contingent upon receiving key items before the event could take place. There is no formal reporting that the contingencies have been met. Many events aren't approved until shortly before the event date creating pressure for SE staff to obtain all outstanding items. There is no documentation to support these final items are cleared.

Without a formal process in place to verify and confirm, by a responsible party, that all requirements have been met for the event, there is a risk that items may be missed and not secured, such as a COI, which could place the City at risk for liability and financial loss.

Recommendation

- 9.11** A guiding tool or monitoring process (preferably automated) should be established that administers each event from start to finish. Application and event dates, payments, permits and other requirements, dates and results of side meetings, and formal sign off for completion of inspections, liquor licenses, etc., should be in place. There should be an established work-flow process where relevant City Departments positively confirm that permits and inspections are completed. Final approval should be made by the coordinator assigned the event to ensure that all required documentation is in place prior to the commencement of the event. Only then should a SE permit be issued. A process should also be established to address any unmet contingencies.

Management Action Plan

- 9.11** *Special Events management and staff agree with this recommendation and will develop guiding tool for monitoring process to ensure all required documentation is received prior to the commencement of the event. This will be implemented immediately.*

F. Staff Rotations

Special Events Coordinators are responsible for events conducted in their assigned areas. Continued responsibility over time for certain venues brings valuable experience and

knowledge of various venues and their characteristics. On the other hand, if an individual were to leave the City, this expertise would also leave with the individual.

Another concern with keeping the same individuals assigned to certain venues is the inevitable development of relationships with returning customers. There is a risk that relationships could be formed with returning promoters to the point where it may be difficult to remain impartial or objective about risks. For this reason, it may be appropriate to rotate responsibilities of the various coordinators to prevent or disengage potential conflicts built due to familiarity with promoters.

Another benefit of staff duty rotation would be for employees to gain knowledge and experience related to all venues across the City. It can provide variety and motivation for individual career paths of existing employees. They can learn all aspects of the SE Office and City venues.

Recommendation

9.12 Special Events should cross-train staff and rotate assigned City areas.

Management Action Plan

9.12 *Special Events will continue to cross-train staff as part of staff development and training. Currently, the Special Events staff consists of two Senior Recreation Coordinators, Recreation Coordinator and Assistant Recreation Coordinator. Job rotations are not possible based on job classification, experience and level of responsibility; however, concerns regarding development of relationships with promoters may be mitigated by implementing the audit recommendations. At this time, it is not practical to rotate staff's areas of responsibility.*

G. Post Event Review

There is no formal process in place that documents and summarizes the qualitative results of events. This information should be documented in detail for discussion with the event promoter, if needed, and carried forward to ensure the experience is considered for any future events.

The impact of an event (either negative or positive) should affect considerations for future events with the same promoters. Consideration is needed to assess what the ramifications should be for events with negative conditions. For example, if the sound is played too loud and residents complain, the promoter's future events should face related restrictions.

Details of any issues that arose at specific events that increased risk exposure to the City may be overlooked if and when the promoter comes back again for future events without a formalized process for post-event reviews.

Recommendation

- 9.13** Post-event reviews should be documented in detail and held with all responsible parties, including event promoters as deemed necessary. Feedback should be maintained on file and carried forward to ensure it is available for consideration of any future events proposed by the same promoter. Policies and procedures need to be established including violation criteria and repercussions for violations. These reviews are also a great opportunity to provide timely feedback to promoters on their events and allow them sufficient time to prepare for any future events.

Management Action Plan

- 9.13** *Special Events management and staff agree with this recommendation and will develop policies and procedures to address this issue as part of the handbook revisions. This will be implemented in July 2017.*

Section 4 – Operating Efficiencies and Effectiveness

Service Delivery Feedback, Internal Perspectives, and Benchmarking

Internal Audit conducted research, surveys, and interviews to ascertain perspectives of strengths and weaknesses, levels of customer service, and how we compare to other municipalities pertaining to administering special events. The following summarizes the results of these efforts:

Special Events Office Staff Surveys

Special Events Office management and staff were each sent a survey to obtain their perspective on the operations of the Special Events Office and solicit suggestions on how to make it better.

The following highlights responses received:

<i>60% of respondents did not feel that they were offered opportunities to advance their special events expertise.</i>	<i>73% felt that they had enough resources to do their jobs; those who did not cited the elimination of administrative support.</i>	<i>36% indicated that they feel pressure to put on events even if the event is not in the best interest of the City.</i>	<i>100% feel that the SETF process is effective and efficient.</i>
<i>36% indicated they have received pressure to cut corners or reduce rates/fees.</i>	<i>82% feel that they have sufficient guidance and communication from their supervisor.</i>	<i>100% feel that there is effective communication with external parties.</i>	<i>89% feel communication between the SETF and other City departments is effective.</i>
<i>56% feel that they do not get sufficient direction from upper management. They don't know what the City's priorities are; there is no big picture of what type of events should be hosted or how special events fits into the larger scope of the community; management struggle making decisions.</i>	<i>When asked "what is needed to be more successful in your position," responses included: the ability to observe other city's processes, an advocate for the Office, returning the assistant coordinator position, administrative support, support when saying 'no' to an applicant is appropriate, and a vision for the Office.</i>	<i>Only 10% of staff received Certificate of Insurance and coverage requirement training provided by the City's Risk Management Division. The 10% who received the training did not feel that it was adequate to make decisions on insurance.</i>	<i>Suggestions to enhance the SETF process include: greater risk management presence, the ability of the SETF to say no, SE Office input to policies that affect them, consistent staff representation, events need to be discussed further out from the event dates.</i>

Special Event Promoter Surveys

Surveys were distributed to a sample of special event promoters who held events in the City of Tempe over the past year to seek feedback on their experience with the process and with customer service, and solicit ideas to enhance special events for the City of Tempe. Detailed responses (with specific names redacted) are provided in Appendix II. The following excerpts highlight survey respondent demographics and responses:

<i>Respondents were closely balanced between frequent and infrequent events conducted in the past year.</i>	<i>Events were held citywide with crowd sizes ranging from 30 to 125,000</i>	<i>For all aspects of customer service, ratings of satisfied, and very satisfied scored on average 95%</i>	<i>Overall, 71% of respondents rated their overall Special Events experience as either satisfied or very satisfied.</i>
<i>Respondents indicated that the Special Events Task Force strengths include: guidance and support, coordination efforts, communication and responsiveness, bringing necessary parties together to one meeting to expedite the process, great to work with, business-friendly, well organized.</i>	<i>Suggested opportunities for improvement include: fee breaks for small non-profits, better preparation by SETF members, evolve to online processing, dedicate specific staff members to frequent event producers, simplify the process for smaller events, eliminate fees for city departments, engage the expertise of an experienced special events manager to oversee events and assess global risks, rental pricing market review, email accessibility, communicate any Handbook changes, more questions about overall risk and managing risk are needed at the task force.</i>	<i>Perceptions of the authority of the SETF range from little to a lot including: ability to make decisions on what applications are accepted or not, enforce existing laws and regulations, uncertainty, not a collective authority.</i>	<i>82% of those who attended SETF meetings considered them effective. Those who did not consider them effective indicated the following contributing factors to ineffectiveness: redundancy of the process for established events, the formality vote for approval can be a waste of time for some events, lack of leadership and authority.</i>

Benchmarking with Other Municipalities

Numerous cities were identified for benchmarking purposes. Cities used for comparison purposes were selected based on those in the valley, and those with a close proximity to a college. Each contact was sent a Questionnaire consisting of 21 questions related to special events in their cities. The following cities contributed:

Benchmark Cities	
Mesa, AZ	Austin, Texas
Chandler, AZ	Charlotte, NC
Gilbert, AZ	Bellevue, WA
Scottsdale, AZ	Flagstaff, AZ
Peoria, AZ	

Detailed responses are provided in Appendix III. The following highlights other city's special events processes:

<i>67% of cities have a dedicated office for Special Events.</i>	<i>75% of cities who responded house their Special Events Office in Recreation. Others reported the Office is within Transportation, Management Services, and Economic Development.</i>	<i>Reporting Cities' staffing levels range from 1 to 3.25; Tempe has 5 full time staff with 4 part-time.</i>	<i>Comparison Cities' annual budgets range from no dedicated budget to \$850,000; Tempe's FY2015-2016 budget was \$760,240.</i>
<i>No Offices, including Tempe, reported having a stated vision and mission for Special Events.</i>	<i>Only 25% reported that they cover costs at 100%. Tempe does not recover all costs.</i>	<i>Tempe oversees approximately 280 events annually; other cities range from 20 to over 800.</i>	<i>Software operations management systems in use include 'home-grown' software, ACTIVE, case tracking system, Rec Trac reservation system, Microsoft CRM.</i>
	<i>67% of cities offer a first right of approval for recurring dates in future years. One city will offer this only if they are in good or probationary standing based on prior experience.</i>	<i>Most of the other cities place some sort of restrictions on events. These include noise levels, street closures and neighborhood impacts, scope, size, not deemed family friendly, impact on park conditions, public safety, cultural or economic significance, space and parking capacity.</i>	

10. City Code amendments and/or adherence to City Code are essential to efficiency, effectiveness and assurance that operations are in harmony with the intent of the City Council.

A. Special Events Liquor Licenses

An application is needed to obtain a Special Events Liquor License for approval by the SETFC and ultimately from the AZ Department of Liquor License & Control. Eligibility is determined by ARS 4-203-02. This state statute requires a fee for the license of \$25 per day.

Before a temporary Special Event License is issued, a special event that is to occur at an otherwise unlicensed location or by a licensee at a location that is not fully within the licensee's existing licensed premises must be approved by the board of supervisors of a county if the event is to be held in an unincorporated area, or **by the governing body of the city or town if the event is to be held in a city or town.**

Tempe City Code supports this. Section 4-6 Special Event Licenses (Liquor) follows:

- (a) Any person desiring a special event license, pursuant to Arizona Revised Statutes § 4-203.02, shall make application to the internal services department not less than sixty (60) days prior to the date for which such special event license is sought.
- (b) Application shall be made upon forms prescribed by the finance and technology director, which shall provide sufficient information to enable the city council to determine the applicant's qualifications for such license as provided for in state law. Each such application shall contain a notarized signature of the applicant and shall be accompanied by a nonrefundable application fee (see Appendix A). TEMPE CODE 4-4
- (c) The city council shall hold a public hearing on the application and transmit to the department of liquor licenses and control its recommendation within forty-five (45) days of receipt of the application.
- (d) Each special event license granted by the state shall be subject to a city special event license tax of twenty-five dollars (\$25) for each day in which the license is in effect. The special event license tax shall be submitted at the time of making application and is refundable if the state license is not issued. (Code 1967, § 4-10; Ord. No. 2001.17, 7-26-01; Ord. No. 2010.02, 2-4-10)

Handbook and Actual Practice

The Handbook conflicts with City Code 4-6 (a) and states that applications must be submitted along with a COI at least **30** days prior to the event, not **60** days per City Code.

City Code 4-6 (b) refers to a now defunct position (finance and technology director).

Special Events Liquor licenses are not presented to the City Council at a public meeting for approval as stated in City Code 4-6 (c). Members of the SETFC (PD) process liquor license applications prior to state processing and ultimate approval. Internal Audit experienced difficulty ascertaining whether or not there had been any resolutions that would have potentially authorized this process deviation. Only because a long-time employee maintained documentation in the form of Resolution #2000.68, was it discovered that City Council's approval requirement was delegated to a subcommittee of staff members of the SETFC, as appointed by the City Manager. Existing code does not refer to this resolution.

Delegating authority that is initially required by ARS perhaps should be done through a stronger, more transparent instrument in the form of an Ordinance. Because the delegation of this authority was done through a resolution, and not an ordinance (codified), the actual approval process is not reflected in the code and is not transparent. The history of this delegation over time can be forgotten, lost as staff leave the organization, or unknown as it is not reflected in the Code.

Per City Code 4-6 (d), a city special event license tax of \$25 for each day the license is in effect applies and is to be submitted at the time of making application. This is not reflected in actual practice of the Special Events Office. Approximately one year ago, they ‘tried to simplify things’ and made the decision to charge a flat \$50 for liquor licenses, regardless of the number of days. This is contrary to City Code and has resulted in lost revenues.

Recommendations

10.1 Management should consider preparing an Ordinance to amend this section of City Code for Council review and adoption as follows:

- A decision should be made whether or not it is in the best interest of efficient and effective operations to require applications for special event liquor licenses to be submitted at least 60, or 30 days prior to event dates. Code, Handbook, and actual practice should coincide; amendments are required.
- City Code Section 4-6 (b) should refer to an actual current position.
- City Code should be amended to reflect actual intent and practice that delegates the authority to approve Special Event Liquor Licenses to the SETFC. Codification will provide transparency and reflect actual practice. The resolution to delegate the authority to a subcommittee of the SETFC was established 15 years ago. It appears that it is the intent to keep this delegation in place, and thus the code should be amended.
- Resolution #2000.68 delegates the authority to approve special events liquor licenses from the City Council to a subcommittee of staff members of the SETFC, as appointed by the City Manager. The City Manager should formally appoint the subcommittee of staff members of the SETFC responsible for liquor licenses (PD reps typically).

The Handbook should be amended as needed to coincide with and revisions made to City Code.

- 10.2** Fees governed by City Code, such as the daily \$25 fee associated with Liquor Licenses should be charged. If management decides that this fee is unreasonable, or unwarranted, proposed fee structure changes should be brought to City Council for review and adoption, prior to making any operational changes.

Management Action Plan

- 10.1** *Special Events management and staff agree with this recommendation and these revisions will be made and taken to Council by July 2017.*
- 10.2** *Special Events management and staff agree with this recommendation and these changes will be made and taken to Council by July 2017.*
-

B. Special Events Permits

Special Events Permits are no longer actually issued for events. Essentially this permit is the golden ticket representing that all requirements have been met to mitigate risks associated with the event (city and state permits, insurance, and other miscellaneous requirements) and it has been officially approved by the SETFC. There is no way to differentiate authorized vs. unauthorized events without a valid special events permit. This practice is also not in compliance with stated Handbook procedures or with the following section of Tempe City Code:

***Tempe City Code Section 5-2,
Amusements - Temporary Special Events or Activities; Permit***

In addition to any other permits, licenses, taxes or requirements imposed by this code, the following temporary special events or activities shall be required to obtain a permit before carrying on such activity within the city...

The section continues to define what special events are and what activities require a Special Events Permit. These Permits are not to be issued until all applicable city code and state statutory requirements have been met, all city and state permits have been obtained, insurance coverage holding harmless the city from and against all losses, claims, etc.

In response to why they no longer actually issue a permit, Special Events advised that due to staff downsizing, this, along with other 'administrative' tasks have been discontinued. Internal controls are not in place to ensure that in general, processes are in compliance with City Code.

Recommendation

- 10.3** Permits should be issued for all events upon receipt of all fees, maps, permits, licenses, certificates of insurance, and other requirements, and formally approved by the SETFC. Permits should be tracked by numeric sequence. They should be posted onsite at the event venue.

Management Action Plan

- 10.3** *Special Events management and staff agree with this recommendation. The permit will be issued electronically and we will require promoters to have onsite. This has been implemented.*
-

C. Special Events Task Force Authority

The manner in which the SETFC was established and its official authority is elusive. In addition, no general policies and procedures or guidelines have been established to conduct business of the SETFC. It is not listed as an active Board, Commission, Committee or other public body.

Through numerous discussions and interviews, it was noted that some really don't know what the SETFC's authority is. Others indicate they are the sole authority to approve or deny special events. The only reference found in City Code related to the SETFC was regarding Special Noise Sources as follows:

Sec. 20-7. Special noise sources.

(a) Residential zones.

- (1) It shall be unlawful for any person, other than law enforcement personnel or government agencies acting within the scope of their employment, to install, use or operate within any residential zone of the city, a loudspeaker or sound-amplifying device or equipment in a fixed or movable position, on public property including any public right-of-way, without first obtaining a temporary permit from the special events task force.***

Approximately four (4) years ago the Clerk's Office was in the process of reviewing the status of the City's existing Boards and Commissions. The SETFC was listed as a 'Board and Commission' but it did not meet any of the criteria of a Board or Commission. Members are not appointed by the Mayor, etc. Their meetings do not meet the definition of a formal

‘public meeting’. There are numerous requirements such as advertising, discussion only related to agenda items, etc. for public meetings.

Tempe City Code (Sec. 5.2 (c)) requires special event promoters, sponsoring organizations, or their authorized agents, to apply to the City Manager or his authorized representative at least sixty (60) days in advance of the scheduled starting date of the event or activity. There does not appear to be anything on record that delegates the City Manager’s authority.

Recommendations

- 10.4** A formal delegation of authority by the City Manager to the SE Office and/or the SETFC to receive applications should be documented. Members of the SETFC should be appointed by the City Manager.
- 10.5** SETFC authority should be clearly defined as well as the responsibilities of each appointed member. This should serve to give structure to the SETFC and emphasize its importance.

Management Action Plan

- 10.4** *The department directors are aware of which individuals are most qualified to represent their department as well as those who have the availability to be part of the SETFC. When new members are added to the SETFC those members will be submitted to the City Manager for approval.*
- 10.5** *As part of the internal handbook revisions the position, department, area of expertise and responsibilities of each member will be identified.*

11. Clearly defined and communicated policies and procedures can help sustain effective and efficient operations of the Special Events Office and the SETFC.

A. Special Events Office

Essentially, the policies and procedures of the Special Events Office are those documented in the Handbook. This is not adequate as the Handbook is focused mainly on what the promoters must do and not the administration of the Office's responsibilities, functions, and authority. There are no established policies and procedures related to the operations of the underlying Special Events Office, including revenue billing, collections, coordinating meetings for events, staffing, etc.

Without formal policies and procedures, inconsistent treatment of similar transactions and confusion can occur. Also, policies and procedures in themselves are effective internal controls to ensure the integrity of transactions and to keep the Office functioning effectively and efficiently. A policy and procedure manual is a living document that forms the foundation of a service delivery program and needs to be updated as conditions change. Policies and procedures provide the framework for an organization to operate. Clear policies and procedures also support effective decision making and delegation because they provide guidelines on what people can and cannot do, what decisions they can make and what activities are appropriate. A clear policy framework means there will be fewer misunderstandings or debates about what to do in particular situations and there will transparency and consistency in the way a unit operates and make decisions.

Recommendation

11.1 In addition to the development of policies and procedures for administrative functions recommended throughout this report, the following processes should be developed and formalized into policies and procedures for the administration of the SE Office:

- Establishment of criteria for allowed and disallowed events.
- Appeals process administration.
- Invoicing for fees and services.
- Monitoring revenue collections.
- Conditions and authority for fee waivers.
- Conditions and authority for deposit level requirements.
- File documentation requirements.

- Assessment and passing of costs of additional personnel and equipment required at the rates listed to event producers for events resulting in mass casualties that cause large numbers of patrons to need medical attention.
- Policies and procedures to establish consistent and reasonable treatment of City hosted or City Department events. What is waived, what is not?
- Collection of fees for 'gated' events - what is considered a gated event? This needs to be defined.
- Online application processing.
- Collections of outstanding balances.
- Promoter violation criteria and repercussions.

Management Action Plan

- 11.1** *Special Events management and staff agree with this recommendation and will develop an official internal policy and procedure. This will be implemented by July 2017.*
-

B. Special Events Task Force Committee

There are no bylaws, guidelines, policies, or procedures related to the SETFC and what each member's role and responsibility is, or what the purpose, authority, and responsibility of the SETFC is as a whole. Ineffective operations and confusion regarding responsibility and authority can result without established guidelines to conduct the business of the SETFC.

Recommendation

- 11.2** Bylaws and administrative policies and procedures to fairly and effectively manage operations of the SETFC and formalize how decisions can be made and business conducted are warranted and should be established. The adoption of bylaws indicates a commitment to following certain procedures. Bylaws can address voting rights and privileges, approved business activities, appointment of officers and establishment of committees, quorum percentages, meeting frequency, procedures for amending the bylaws and for dissolving the Committee, and other issues that are part of the management of the SETFC as a whole. After adopting a set of bylaws, administrative policies and procedures to deal with administrative matters to supplement and clarify the bylaws should be established.
-

Management Action Plan

- 11.2** *It is agreed that policies should be adopted and roles defined will become part of the internal handbook. Each member's role and responsibility will be defined in the handbook, and guidelines regarding the authority and purpose of the SETFC will be bounded. This will be implemented by July 2017.*
-

12. Addressing staff requirements for success in fulfilling their obligations will enhance the Special Events Office's effectiveness.

Special Events Office employees do not have adequate professional development opportunities for training to ensure they are kept current on industry trends, risks and other issues and ideas for special event management. Professional training is an opportunity for staff to learn how the pieces fit together including: risk management, safety, security, and emergency preparedness.

Opportunities for networking with peers and keeping informed of current industry standards can enhance the special event experience. SE Office staff are seen as hard workers, doing the best that they can with what they have. Staff need to know what questions to ask and have the flexibility to understand what can and should be changed on site at events. Without effective training and continuous development of staff, they can become out of touch with trends and newer, more effective event management techniques.

Staff Survey

Internal Audit surveyed all staff and asked specific questions related to training needs. The results are tabulated below:

<i>How many years of experience do you have with administering and or coordinating events?</i>	<i>Do you have any related degrees, certifications or special training?</i>	<i>Are you offered opportunities to advance your special events expertise?</i>
Of the 7 staff that responded, the range was from 0 years to 17 years. 5 staff members had 15 years or more experience.	Of the 11 staff that responded to this question, 4 responded yes; 7 no. Only one reported a directly related degree – BS in Recreation Management. There were no reports of holding related certifications.	Of the 7 staff that responded, only two responded in the affirmative; 5 or 71.43% feel they don't have opportunities to advance their expertise. Staff responded that the only professional development they are offered is to attend APRA (AZ Parks and Recreation Association), which staff stated really doesn't apply to Special Events. Since they are all lumped into Recreation, this is their only option. They expressed a need to belong to IFEA (International Festival and Events Association). They also need the opportunity to attend other events outside of Tempe. They are expected to know best practices, but are not given opportunities to network and grow outside of Tempe.

Recommendations

- 12.1** Opportunities should be provided to SE staff for training, certifications, and memberships with relevant associations to help ensure they stay current with industry trends, risk management, best practices, and overall event management.
- 12.2** More effective management oversight is needed to ensure the SE Office staff have what they need to be successful, as well as to ensure that decisions involving events with higher risk are made at the appropriate level.

Management Action Plan

- 12.1** *Special Events management and staff agree with this recommendation and will seek training, certifications, and memberships with relevant associations to help ensure they stay current with industry trends. This will be implemented by July 2016.*

- 12.2** *Steps have been taken to ensure more effective oversight. Events have been assigned to the Community Services Director.*
-

13. Handbook revisions will enhance customer service.

A. An Overview of the Handbook

The Special Events Office offers a Handbook to help applicants through the process of conducting a special event in the City of Tempe. The Handbook includes information on Tempe event venues, directions on how to file applications for event permits and licenses, and answers questions about security, emergency medical services, clean-up, insurance requirements and more.

The Handbook can be a very useful tool for applicants to guide them through the application process to hold an event in the City of Tempe, including identification of Code requirements. The Handbook currently available to the public is not up to date, and some sections are somewhat confusing. Unclear direction, outdated and erroneous information, and various spacing and presentation issues create a document that does not live up to its potential and does not contribute to exemplary customer service.

The Handbook is not continually monitored to reflect current status and improve service delivery. This is a living document and should reflect current practices at all times. It should be continually updated as changes in policy and processes, fees, etc. occur.

Recommendations

- 13.1** The following Table summarizes suggested amendments to the Handbook, identifying the condition or the issue, the risk that it presents, and the recommendation to mitigate that risk. It is recommended that Special Events management assign responsibility to implement these recommendations and continuously monitor the Handbook for needed future amendments:

Section	Issue	Risk	Recommendation
Cover Welcome Letter	A welcoming, customer service oriented introduction for the Special Events Handbook is the first page of this document available online. The welcome note states that the Handbook contains a SE Permit application and a checklist of everything you need to know and do to host a special event in Tempe. The document has no application or checklist attached. The Checklist is actually a Timeline for Planning Your Special Event.	Confusion for the customer.	Include the application in the document as stated or remove the reference. In addition, reword checklist to 'Timeline' for Planning Your Special Event.
Table of Contents	The table of contents page is not accurate. Sections 5-18 are not accurately numbered. Section 5 is titled Trash and Recycle Plan in the Table of Contents, but is called Clean-Up plan in the actual Handbook section.	Confusion for the customer.	Correlate the section headings; update the page numbering of the Table of Contents.
1. Special Events Permits	There are only a few types of events listed here that need a special event permit; the City Code lists many more. The list in the Handbook is not all inclusive.	Could leave customers unclear on what a special event is and when an application is needed.	The Handbook should reflect the City Code. The first two sub-sections (Who must apply? and What is a special event?) should be combined to clearly define what the city considers a special event that needs a permit or license.
	There are 5 steps listed that must be completed before approval of an event. The first step is to speak to a Special Events Coordinator via phone.	Antiquated means of communication lacks customer service.	There should be other options available such as email communication.
	The second step indicates that in addition to availability of applications online, they can be	Customer confusion.	Accurate addresses should be reflected in the Handbook.

Section	Issue	Risk	Recommendation
2. Alcoholic Beverage Control	picked up at the SE Office between 8 and 5. The wrong address is given; it refers to their past library location.		
	The Handbook states that applications must be submitted at least 30 days prior to an event. This is contrary to the City Code which indicates that applications must be turned in within 60 prior to an event.	Non-compliance with City Code.	As previously recommended, this requirement should reflect City Code requirements.
	Step 4 states that the SETFC meets every other Tuesday at 1:00 pm, whereas they meet at either 9 or 1 on Wednesdays.	Customer confusion.	Accurate times and days of the regular meetings should be reflected in the handbook.
	The Handbook states: the City of Tempe ordinance allows only malt beverages in Tempe Parks. If the promoter is requesting to sell malt or other types of alcohol beverages, approval is needed from the SETF Committee. Section 23-45 of the City Code contradicts this stating that this section of the City Code does not apply to the possession or consumption of spirituous liquors in connection with any concessions authorized by the City at Rio Salado Park and Rio Salado Town Lake. (Tempe Beach Park)	Inaccurate information communicated to the public.	This reference should be removed from the Handbook.
	The 30 day requirement to submit applications is not in accordance with City Code as previously mentioned.	Non-compliance with City Code.	The Handbook should reflect City Code as previously recommended.
	The address to contact the SE Office is at the Library; they have relocated twice since they	Customer confusion.	As mentioned previously, accurate addresses should be communicated to the

Section	Issue	Risk	Recommendation
	were there.		public.
	There is no stated requirement that the promoter must post and display the state issued liquor license on site at the event.	Unlicensed events could occur on City property.	A requirement that the liquor license must be displayed should be added to the Handbook.
3. Street Closures & Restrictions	The contact person noted for this area is no longer the active representative for these functions.	Potential cause for customer confusion and frustration.	Contact individuals and their information should be kept current at all times so as not to mislead customers.
5. Clean Up Plan	The roll-off dumpster rates cited in the Handbook are those from 11/1/2008. They were updated in the City Code 11/1/09.	Misleading fee information for customers.	The most current rates applicable should be included in the Handbook.
6. Electrical Services	In an Internal Audit performed 2010, a recommendation was made to assess high users of electricity and water flat fees for the usage; this has not yet happened.	Subsidy of outside events is not an appropriate use of public funds.	This recommendation should be reconsidered and any changes to policy reflected in the Handbook.
7. Emergency Medical Services	The Handbook states that if a mass casualty occurs at an event, causing large numbers of event patrons to need medical attention, the producer of the festival or event shall bear the costs of additional personnel and equipment required at the rates listed above.	Unenforced policy results in loss of cost recovery.	The parameters and criteria to enforce this policy should be determined and included in the Handbook. This clause should be enforced.
17. SETFC Members	There were numerous members listed that are no longer with the city, no longer attending the meetings, or have passed on the responsibility to others.	Customer confusion and frustration.	The Handbook should reflect current contact representatives.
Document Wide	There is a reference to the Special Events Division throughout the handbook,	Dated information.	Amend 'Division' references to 'Office'.

Section	Issue	Risk	Recommendation
	whereas they are now called the Special Events Office.		
	Font sizes and spacing issues were noted throughout.	Lack of professional appearance and presentation.	Amend the document as needed to present a professional, flowing, easy to follow document.

Management Action Plan

- 13.1** *Special Events management and staff agree with this recommendation and will make adjustments to the handbook by July 2017.*

B. City of Tempe Special Event Liquor Permit

Under ‘how to apply for a liquor license’ step #5 in the Handbook, it indicates that upon receiving the AZ Alcohol License, the SE Office will issue the applicant a City of Tempe Special Event Liquor Permit. This refers to a separate redundant permit in addition to the State issued permit. This procedure is not done as it does not add value and is not necessary. Special Events Management advised that they stopped doing it because the State Permit is the official permit. Issuing a City Special Event Liquor Permit is not a value-added process or a good use of resources. As this is stated in the Handbook distributed to applicants of events, it also creates confusion as this procedure is no longer performed. The Handbook doesn’t reflect actual practice.

Recommendation

- 13.2** Internal Audit agrees that this procedure is redundant and does not add value. This procedure should be eliminated from the Handbook.

Management Action Plan

- 13.2** *Special Events management and staff agree with this recommendation. Staff will eliminate it from the handbook by July 2017.*
-

C. Commercial Organization Requirements

The Handbook states that eligibility for obtaining a SE Liquor Permit is determined by ARS 4-203-02. It states:

Commercial Organization Requirements:

All commercial organizations partnering with a charity or non-profit organization to serve/sell alcohol beverages must provide a letter from the charity stating the following:

- a) The eligible organization and their representative agrees to participate as the agent and applicant for the SE Liquor Permit and will receive a minimum 25% of the gross proceeds from the sale of alcoholic beverages, **as evidenced by a written agreement provided with the application.**
- b) Verification that a principal of the charity will be onsite during hours when liquor is being served.

Special Events management advised that they don't obtain a written agreement because this is a state requirement, although in a sample of events reviewed, there were a few of these letters maintained on record by SE. Since it is not a City requirement, they let the State Liquor Board follow up. Reference to this state requirement is somewhat confusing and is subject to interpretation that the City is requiring this written agreement.

Recommendation

- 13.3** Management should determine whether or not the City has any responsibility to obtain this information and/or if it would add value to the process. If it does not, then this requirement should be clearly stated in the Handbook that the City is not requesting this information, but to inform that it is a state requirement.
-

Management Action Plan

- 13.3** *Special Events management and staff agree with this recommendation. Staff will remove this from the handbook by July 2017.*
-

14. There are opportunities to optimize the Special Events Task Force members' contribution.

Generally, the SETFC is viewed as a very integral and effective component of the management of special events in the City of Tempe. There are a lot of staff hours expended during each year by SETFC members. In addition to preparation time and side meetings with event promoters, there are biweekly SETFC meetings held throughout the year. These are some of the resources that are not billed out to the event sponsors. An analysis was performed of the duration and member attendance of the SETFC. The following table details information resulting from this analysis of SETFC Meetings for FY 2013-2014, FY 2014-2015, and from 7/1/15 to 9/30/15:

Fiscal Year	Total # of Meetings	Avg. # of Participants Per Meeting	Total Staff Hours <small>NOTE 1</small>	Total # of Events
2013/14	25	14	611	292
2014/15	25	14	510	280
7/1/15-9/30/15	16	7.5	167	78

NOTE: Includes 30 minutes travel time. Meeting times average 1 hour.

The Handbook identifies SETFC members by Department, name, title and phone number. Each department assigns their own representatives. The following departments/divisions are represented (per Handbook):

1. Fire	2. Police
3. Recreation (Special Events)	4. Parks
5. Risk Management	6. Facility Services
7. Transportation	8. Sales Tax and License
9. Planning and Zoning (now actually Code Compliance)	10. Environmental
11. Neighborhood Services	12. ADA Compliance

SETFC Composition

Internal Audit did an analysis of who actually attended meetings for FY 2013/14, FY 2014/15, and July 1/15 – 9/30/15. The following table illustrates the represented area's involvement in meetings during the identified time frames:

SETFC Members	Representation at Meetings		
	FY 2013/14 %	FY 2014/15 %	July 1/15 to Sept 30/15 %
Fire	96	96	100
Police	100	100	100
Recreation	100	100	100
Parks	32	32	33
Risk Management ③	0	0	0
Facility Services ②	0	0	0
Transportation/Traffic	68	60	100
Sales Tax & License	92	96	100
Planning & Zoning ①	80	88	83
Environmental	12	0	0
Neighborhoods	72	76	83
ADA Compliance	68	48	0

① Planning and Zoning noted in the Guidebook is not the actual area represented, Code Compliance is the area that is involved in the Task Force from the Development Services Division.

② Special Events Offices does not feel there is a need for Facility Services to be members on the SETFC.

③ Risk Management has not attended SETFC meetings for the entire period under review.

Note: Occasional representation by a City interest of one or two times was not included in the above tabulation.

The table above discloses that some represented departments/divisions are present at every meeting; some have not attended the entire period under review. There is a potential for ineffective and inefficient utilization of resources if not all areas require representation.

There is also a potential for not detecting risk associated with events if the right representation is not at the table at the right time. Of special note, is the absence of some of the areas where there is no representation on the SETFC (for example, inspection of temporary structures and Risk Management, who has not attended any meetings during the period under review.)

Recommendation

- 14.1** Management should review the composition of the SETFC and ascertain the necessity of all members to attend all meetings. Roles should be defined and supported by management. Critical members of the SETFC should be present at each meeting to facilitate fruitful discussions. A determination of what City representation is needed to facilitate an effective and efficient task force can be made through bylaws and/or policies and procedures as previously recommended. The City Manager should could appoint department representation deemed necessary or delegate this responsibility. Consideration should also be made to include management representation on the SETFC.

Management Action Plan

- 14.1** *SETFC members have been appointed by their respective department directors based on their expertise. When the roles of SETFC members are outlined in the handbook, the directors will have the city manager review the list to determine if other representation is needed. We will create policies and procedures that identify roles and responsible of each task force member and identify which members need to be on the task force.*

15. A comprehensive robust Information Management System can provide a framework that enhances internal controls, and contributes to more effective and efficient operations and resource utilization.

It appears that once the administrative support position left the Special Events Office, many tasks have not been performed, especially when it comes to recordkeeping. A system to manage the workflow, communicate with SETFC members, process applications, invoice fees for service, facilitate internal control, reflect the status of event applications, and monitor amounts owing would help relieve some of the time-consuming burden associated with manual processing of transactions and enhance overall administration of the special event application and approval process.

Recommendation

- 15.1** Special Events management should work with the City's Information Technology Division to assess opportunities for new or existing systems within the City that can be utilized to manage special events applications, invoicing and other workflow. A needs requirements process should be carefully developed.

Management Action Plan

- 15.1** *Special Events management and staff agree with this recommendation and will meet with IT to assess opportunities for new or existing systems within the city.*
-

Section 5 – Fees and Revenues

As previously mentioned, the source of revenues for the Special Events Office is in the form of fees and gate revenue sharing. Various departments across the City that are directly involved in Special Events (Police, Fire, and Public Works) also bill event promoters for their related service charge-out rates.

16. Authority and source for the establishment of various fees is elusive.

Throughout the course of this audit, numerous fees were found to be in use. Not all of these fees were included in the City Of Tempe Code – Rates and Fees Appendix.

Park user fees are very confusing. The user fee is applied as a one-time charge, yet the fee schedule in the Handbook states this is a daily fee. Also, it is not clear from the fee schedule whether this user fee is applicable to all parks. SE Office management indicated that it only applies to Tempe Beach Park, yet this is not readily evident from the fee schedule.

Per the Budget Office, special event rates are calculated to only recover costs that have a budgetary impact. These costs include salary, FICA and retirement, but do not include other benefits such as health, dental, vision, administration or overhead. The Budget Office calculates labor charge out rates for insurance purposes to cover staff time plus a 25% overhead, designed for 100% cost recovery of the city services provided. Special Events charge-out rates are not designed for 100% cost recovery.

A table was prepared that discloses the various user fees in place and their source or origin and authority, where determined or not:

Fees Category	Non-Commercial Rate \$	Commercial Rate	Supported by City Code ④	Supported by Resolution/IRS	Support Not Found
Special Event Fee Schedule					
Application Permit	\$35	\$35	✓ A-6	-	-
Late Fee (if submitted within 60 days of the event)	\$50	\$50	✓ A-6	-	-
Special Event	\$100 ①	\$100 ①	✓ A-6	-	-
Deposit	25% ②	25% ②	-	-	✓
Special Event Liquor Application	\$50	\$50	✓ A-6 Note 1	-	-
Extension of Liquor Premises	\$50	\$50	-	-	✓
Park Rental & Associated Fees Per Day					
Set-up/Take-down	\$500	\$750	-	-	✓

Fees Category	Non-Commercial Rate \$	Commercial Rate	Supported by City Code ④	Supported by Resolution/IRS	Support Not Found
Tempe Beach Park	\$1,500	\$3,000	-	-	✓
Tempe Arts Park	\$1,000	\$1,750	-	-	✓
Giuliano & North Linear Park	\$500	\$1,000	-	-	✓
Tempe Town Lake Marina	\$500	\$750	-	-	✓
Park User Fee	\$250	\$250	-	-	✓
Kiwanis Park Site	\$250	\$250	-	-	✓
Kiwanis Walk Fee	\$250	\$250	-	-	✓
Lake Closure Fee	\$5,000-\$10,000 per day	\$5,000-\$10,000 per day	-	-	✓
Lake User Fee	\$200/event ⑤	\$200/event ⑤	-	-	✓
Road Closure Fees	\$1,000	\$2,000			
Downtown Road Closure Fees:					
Minimal Impact:	\$500 No Alcohol \$1,000 Alcohol	\$2,000	-	✓	-
Moderate Impact:	\$700 No Alcohol \$1,000 Alcohol	\$2,000	-	✓	-
High Impact:	\$1,000 No Alcohol \$1,000 Alcohol	\$2,000	-	✓	-
Facility Charge	\$.50 /ticket sold	\$1/ticket sold	-	-	✓
City Services					
Police	\$67/hr.	\$67/hr.	-	-	✓
Fire/EMS	\$65/hr.	\$65/hr.	-	-	✓
Traffic Operations	\$47/hr.	\$47/hr.	-	-	✓
Trash container drop off/pick up	\$40/hr.	\$40/hr.	-	-	✓
Custodial	\$28/hr.	\$28/hr.	-	-	✓
Miscellaneous Fees (if applicable)					
Tent/Canopy permit (sized)	\$350/\$250 ea. additional	\$350/\$250 ea. additional	✓ A-12	-	-
Fire Inspection	\$150-\$250	\$150-\$250	✓ A-12	-	-
Fireworks Permit	\$250 per location	\$250 per location	✓ A-12	-	-
Bagged Meter Fees	\$15 ea. (DTC)	\$15 ea. (DTC)	-	-	✓
Privilege Tax and License	\$50	\$50	-	-	✓
Cleaning Equipment & Services:					
300 Gallon Refuse Can	\$7	\$7	-	-	✓
95 Gallon Refuse Can	\$5.50	\$5.50	-	-	✓
95 Gallon Recycle Bin	\$5.50 if contaminated	\$5.50 if contaminated	-	-	✓
Front loader Metal Dumpster	\$29.40	\$29.40	-	-	✓
Roll Off Dumpster – 25 yard	\$238.72	\$238.72	✓ A-27	-	-
Roll Off Dumpster – 40 yard	\$283.60	\$283.60	Note 2	-	-
Cardboard Box with Liners	\$8	\$8	-	-	-
Other Noted Fees Charged					

Fees Category	Non-Commercial Rate \$	Commercial Rate	Supported by City Code ❹	Supported by Resolution/IRS	Support Not Found
Parking Lot Rental	\$2,500	\$2,500	-	-	✓
Kiwanis Field Rental	\$2,400	\$2,400	-	-	✓
Banner Pole Rental	\$500 wk.	\$500 wk.	-	-	✓
Diablo Stadium Rental	\$1,000 per day \$365-\$500 for Loading	\$1,000 per day \$365-\$500 for Loading	-	-	✓

- ❶ \$100 per day not to exceed \$500
- ❷ Minimum 25% of expected costs (Due 6 months prior to the event)
- ❸ Plus \$1/user over 200, capped at \$1,000
- ❹ Appendix A – Fee Schedule page reference noted

Note 1: City Code states \$25 for the application and \$25/day permit fee. The application of this rate changed during the period under review. SE used to assess \$50 per day, now they only assess a flat \$50 fee, regardless of how many days the event is for. Both methods are not in accordance with City Code as previously identified.

Note 2: The rates included in the fee schedule were those effective 11/1/08; the most recent rates, effective 11/1/09 are \$245.88 and \$292.10.

Recommendation

- 16.1** All fees charged by Special Events should be reviewed annually and taken to Council with a resolution to adopt fees. Consideration should be given to utilizing a rate designed for 100% cost recovery of the city services provided. Current rates should be used for all invoicing.

Management Action Plan

- 16.1** *We have been working with Budget to revise and include all fees related to Special Events in the City code. Event fees will be reviewed on an annual basis and updated where necessary via resolution by Council. Currently, all department hard costs are 100% cost recovery. Special Events will review other cities fee structure as it relates to charging for soft costs to determine percentage of cost recovery.*
-

17. Internal controls over revenue administration are critical to ensure appropriate fees and other revenues due the City are charged and collected.

A judgmental sample of 34 Special Events were selected from the period July 1, 2013 to September 2015, to determine whether or not procedures were in place to ensure all revenues due to the city are billed and collected in full and that applications were in compliance with stated requirements included in the application document. The following table identifies areas where current practice creates an environment where revenues are not consistently adequately assessed, revenues were lost, and risk was not effectively mitigated as evidenced by the sampled transactions.

Recommendations & Management Action Plans

A. Process Deficiencies and other Concerns

17.1 The following Table presents the condition or the issue identified through our sample testing, the risk that it presents, and the recommendation to mitigate that risk. The final column represents Management Action Plans to address the identified risks:

	Observation or Condition	Risk	Recommended Solution	Management Action Plan
1	Six (6) or 18% of application forms were not dated.	This precludes a determination whether late fees apply.	Applications should all be dated, if not by applicant, date should be entered by SE staff.	<i>All applications will be dated in the future.</i>
2	For 2 of the samples documentation did not disclose the coordinator overseeing the specific event.	Potential accountability issues.	Documentation to support specific assignment of all events is essential.	<i>Special Events staff will ensure that the coordinator assigned to the event will be identified on the cover sheet of each application.</i>
3	Of the sampled events, 17 were for Special Event Liquor Licenses (LL). Of these 17, 4 or 23% did not identify the Charity or agent.	Non-compliance with City policy. Confusion on the intent of this requirement.	All details of Charities associated with SE liquor licenses should be provided to the City or alternatively, clarification of the Handbook language as previously	<i>Special Events staff will clarify in the handbook that the letter from the charity only needs to go to the State DLLC.</i>

	Observation or Condition	Risk	Recommended Solution	Management Action Plan
			recommended.	
4	Only one (1) of the 17 Liquor License applicants provided a letter from the charity agreeing to participate as the agent for the SE liquor license.	Non-compliance with City policy.	Either enforce this requirement or, if considered unnecessary, remove the requirement from the application form as previously recommended.	<i>Special Events staff will remove this requirement from the handbook.</i>
5	Nine (9) applications on file or 26% were not signed in acknowledgement of Hold Harmless and Indemnification and Responsibility for Costs.	Without signatures, there is no acknowledgement of these critical areas and the responsibilities of the applicant and the City.	All applications must be signed before the City accepts them.	<i>Special Events staff will ensure the Hold Harmless and Indemnification and Responsibility for Costs will be signed.</i>
6	Many applications (11 or 32%) were incomplete with missing pages and/or unanswered sections or a TBD (to be determined) status.	This creates a situation with many unknowns, and affects proper planning from the City's perspective regarding needed resources.	Applications should not be accepted without being fully filled out as previously recommended. The entire application document must be retained by SE staff.	<i>Special events staff is in the process of amending the application and as part of the task force added details will be verified.</i>
7	Thirteen (13) or 38% applications were not initialed in acknowledgement of Compliance with Laws.	Without initials, there is no acknowledgement the applicant has read and understood this section and agrees to fully comply with relevant laws.	This section must be initialed prior to acceptance of the application form.	<i>Special Events staff will ensure all applications are initialed.</i>
8	Of the 34 sampled events, 5 application fees were waived due to city-sponsored events. For 6 of the 29 (21%) residual samples, the application fee was paid after the event occurred; no late fees were assessed. ❶ In addition, there were five (5) instances where applications were	Non-compliance with city policy, inconsistent treatment. Lost revenues.	Application fees must be collected at the time the applicant files and prior to acceptance of the application. Special Events should adhere to City Code and assess late fees for all applications submitted less than 60 days prior to an event.	<i>Special Events staff will develop procedures with regards to waiving city sponsored events. A policy for late fees will be included in the internal and external handbook. Staff will ensure that all late fees are assessed with regards to accepting late applications.</i>

	Observation or Condition	Risk	Recommended Solution	Management Action Plan
	submitted less than 30 days prior to the event dates, but no late fees were assessed.			
9	Of the seventeen (17) events that involved a liquor license, only 2 had an actual copy of the State approved license on file. Without acknowledgement of an approved license, there is no assurance the sale of liquor is legal.	Risk of ramification of the unauthorized sale of liquor on City property.	A copy of the state issued permit should be obtained prior to the event date and retained as documentation on file as previously recommended.	<i>Special Events staff goes to the DLLC website to verify if liquor licenses have been approved. No official copy is required for the file; however, it will be added to the checklist that staff has confirmed that the State liquor licenses have been approved.</i>
10	A minimum deposit of 25% of total expected costs (if applicable) is due 6 months prior to event dates.	This is a difficult requirement to enforce, as many applicants do not apply this early.	This policy should be revised to more realistically reflect timing requirements.	<i>The policy will be revised to provide consistency for collection of deposits.</i>
11	There does not appear to be a consistent practice regarding the applicability of deposits, nor authorization to charge a higher or lower amount based upon circumstances. Of the sample reviewed, 17 events appeared to require deposits. Of these 17 events, 8 were charged 21 - 28% percent of total actual costs, 2 were charged between 48-52%, 2 were charged 12-15% and 5 were not charged.	Inconsistent and potentially inequitable application of policy.	A clearly defined policy and practice regarding applicability and percentage of deposits is needed for consistent and equitable application.	<i>See #12 below.</i>
12	Although most applicants detail that tents and canopies will be used on applications, many do not indicate the number and/or size of them, which determines	Potential oversight of tents and canopies that need inspection and permits leading to safety risks.	The application form should prompt the applicant to make a statement yes or no as to whether the tents and canopies used at the event are over the size threshold	<i>The designated SETFC member will be required to provide all documentation for permits and inspections into the Special Event File database.</i>

	Observation or Condition	Risk	Recommended Solution	Management Action Plan
	whether or not inspections and the issuance of fire permits are required. Permit information is not maintained by Special Events.		requiring inspection and permitting. (400 sq. ft. for tents; 900 sq. ft. for canopies.) Documentation should be maintained to ensure required inspections and permits are obtained.	
13	Two of the events reviewed had fireworks; written notification from the fireworks production companies to the FAA at Sky Harbor International Airport was not on file.	Non-compliance with City policy and potential safety risks.	All events with fireworks should be held accountable to the City and provide a copy of the letter to the FAA as evidence.	<i>If an FAA letter is required the SETFC member will be responsible for including this in the Special Event file database.</i>
14	Some deficiencies were noted regarding Certificates of Insurance and City requirements. For the events where a COI applied, the following was observed: <ul style="list-style-type: none"> i. 4 events (15%) had no required COI on file. ii. 8 events (31%) where Workers Compensation coverage was not indicated. iii. 6 events (23%) where there was no auto coverage. iv. 4 events (12%) where liquor coverage was inadequate. v. 3 events (9%) where liability per occurrence or in aggregate was not sufficient. vi. 1 event (3%) where liquor was not included as applicable. vii. 2 events (6%) 	Non-compliance with City policy and potential unmitigated risks leaving the City potentially liable.	Although it is the policy of SE to ensure COI copies are retained on file, not all copies could be located. A system to ensure that all required event documentation is maintained in a central repository, especially copies of COI, should be established. Risk Management should be required to give express approval or disapproval for all events.	<i>Risk has determined that they will not verify COI for all events, but Special Events staff will submit the COI into the file database.</i>

	Observation or Condition	Risk	Recommended Solution	Management Action Plan
	where the COT was not named as certificate holder.			
15	The ability to ascertain that vendor listings were provided to Tax and License to ensure they are licensed in Tempe and that sales generate applicable sales tax is compromised by the absence of a formal confirmation and/or destruction of records within a short time period.	Potential lost tax revenue to the City.	Prior to the opening of events, Tax & License should confirm whether or not vendor lists have been submitted. Event Coordinators should ensure that vendor lists correspond to actual vendor activity onsite.	<i>The designated SETFC member will be required to put tax and license information into the file.</i>

❶ *Note. City Code requires applications to be submitted at least 60 days prior to events, before considered late. Special Events applies 30 days, with late fee assessments applied for applications less than 30 days.*

B. Missed Billings, Errors, and Oversights

In addition to the above, the following was observed in our sample:

	\$
Park rental fees not charged	250
Park rental undercharge	1,500
Clerical error	200
Short payment oversight	200
Unauthorized Credit of Liquor License Fees	450
Total	2,600

In addition to the above, a billing for park damages could not be verified as well as a receipt for \$2,000, which would have been evidence of payment, was lost.

Fees and amounts due for each event are not consistently tracked. Accuracy and completeness of invoices are not verified, and there are no reconciliations performed comparing fees and reimbursements associated with events to actual amounts allocated to deposit and revenue accounts on a routine basis.

Recommendation

- 17.2** Special Events management should establish processes to ensure that fees and reimbursement amounts due from promoters are adequately tracked individually and collectively. The accuracy and completeness of invoices should be verified by an individual other than the one preparing invoices. A routine overall reconciliation process should ensure that all payments and deposits are tracked and reconciled to general ledger accounts.

Management Action Plan

- 17.2** *Special Events management and staff agree with this recommendation and will establish a billing/invoicing process to ensure compliance as part of the development of our internal handbook by September 2016. Staff will establish policies for collection of fees, deposits, late fees and delinquent payments. The administrative assistant position will be responsible for all accounting processes and the event coordinator assigned to the event will verify invoice for accuracy.*
-

C. Unauthorized Transactions and Unverified Revenues

There are no policies and procedures in place to govern fee reductions and waivers or require promoters to substantiate their gate sales. In our sample testing, we found \$4,500 of fees that were waived for an event that was curtailed due to weather conditions. There was no documentation to support that SE management approved the waiver of these fees. In addition, we found that attendance counts are still not effectively verified with promoters to ensure all gate fees are accounted for.

Internal Audit recommended in 2010 that policies and procedures to authorize fee discounts and waivers and identify specific instances where they can be granted be developed; this recommendation was not implemented. This prior audit also recommended that actual attendance counts should be obtained from event sponsors supported by documentation through formal revenue statements for event ticketing agencies. This practice was never established.

Recommendation

- 17.3** Special Events management should establish internal controls and processes to ensure that any fee reductions and/or waivers are appropriately authorized and documented as to the underlying reason. Criteria should also be established that addresses the assumption of financial risk when weather or other unforeseen conditions arise that negatively affect events. In addition, adequate review and oversight by management over customer billings will serve to identify variances to established fees prior to invoices being mailed to customers.

Management Action Plan

- 17.3** *Special Events management and staff agree with this recommendation and will develop policies and criteria for waiving or adjusting fees. This will occur as part of the development of the internal handbook by September 2016.*
-

D. Additional Process Deficiencies

In addition to the above noted in our sample testing, the following process deficiencies were noted:

1. Event Documentation

Documentation is not consistently maintained by SE and is somewhat decentralized. Support for invoiced items such as staff charges and other items are not always maintained on file. Invoices are not all centrally located. There is also no confirmation to ensure that miscellaneous charges such as park damage and barricades are subsequently billed once the main invoice is distributed. Invoices are not prenumbered or dated so there is no way to ascertain when they were issued and that all are accounted for. Copies of final payments are generally kept with the file documentation, but payment for initial fees is not. Invoicing and deposits for events at Diablo appear to be administered differently than SE Office standard protocol. We found in our sample testing that for events held at Diablo, deposits were not taken, and application and special event daily fees were not billed until after the event occurred.

One of the biggest concerns associated with the lack of detailed support for billings and tracking information is the lack of an audit trail. There are no assurances that all transactions have been accurately and completely billed and that all amounts due are collected and deposited to the City.

Recommendation

- 17.4** All billing invoices should be dated, prenumbered, and centrally located. Follow up should be made to ensure that extraneous charges such as barricades and park damages are billed by the relevant departments providing these services. All associated payments should be documented and cross-referenced with associated with invoices.

Management Action Plan

- 17.4** *Special Events management and staff agree with this recommendation and will develop a better invoicing policy. Invoices are sent with the known fees within one week of the event. Fees that are unable to be calculated within a week are billed to the customer at a later date by the department that provides the service. Special Events will obtain a copy of subsequent invoices to add to the file. (i.e. barricades, solid waste, etc.) This will occur as part of the development of the internal handbook by September 2016.*
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2. Collections

Special Events informal collections practice is to start sending notifications of amounts due once the invoiced amount receivable is over 30 days old. A review of subsequent payments for final invoice billings in our sample revealed that most pay quite promptly. For the events in our sample, there were only two out of 34 or 6% that were slow in paying or did not pay the full balance. These two events were as follows:

Event	Date	Date Last Payment Received	Outstanding Balance	Total Days Outstanding
Ugly Sweater Run	11/23/13	5/30/14	-	188
Kids Triathlon	3/6/14	8/25/15	1,750	Written Off

The lack of formal collections policies and procedures presents a risk of inconsistent treatment of similar transactions. A prior employee, who left the City approximately three (3) years ago, was involved in The Ugly Sweater Run, whose final payment was received over six (6) months past the event date. Without the protection of appropriate internal controls in the form of formal, well documented and consistently applied collections processes, there is a risk that this may be perceived as a loan.

The next time the individual applied to host their event, Special Events required them to pay all of their expenses upfront.

Recommendation

- 17.5** As previously recommended, policies and procedures related to collections are needed to ensure consistent treatment of all accounts receivable. This is especially important to protect employees if and when a situation arises where a customer is well known to the management and staff of the organization and can be perceived as having an opportunity for preferential treatment.

Management Action Plan

- 17.5** *Special Events management and staff agree with this recommendation and will develop a collection policy as part the internal and external Special Events handbook by July 2017. We will review current city practices with regards to past due invoices to a collection agency.*
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